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IRICO

彩虹集團新能源股份有限公司

IRICO GROUP NEW ENERGY COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0438)

PROPOSED A SHARE OFFERING

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Reference is made to the Company's announcements dated 19 October 2020 and 7 April 2021 in relation to the Proposed A Share Offering.

The Board is pleased to announce that on 6 August 2021, the Board has considered and approved the resolutions regarding the Proposed A Share Offering and related authorisation matters. According to the Proposed A Share Offering plan, the Company intends to apply for an initial public offering of A Shares and listing on the ChiNext of the Shenzhen Stock Exchange for the allotment and issuance of not more than 58,780,000 A Shares with a par value of RMB1.00 each. The Proposed A Share Offering will be subject to, among other things, the approval by Shareholders by way of special resolutions at the EGM and the Class Meetings, as well as obtaining necessary approvals or decisions from the CSRC and other relevant regulatory authorities.

GENERAL

The Company will convene the EGM and the Class Meetings for the Shareholders to consider and approve, among other things, the resolutions regarding the Proposed A Share Offering and related matters. A circular for the EGM and the Class Meetings containing, among other things, the details of the above resolutions, together with the notice of the EGM and the notices of the Class Meetings, will be despatched to the Shareholders in due course.

Shareholders and potential investors should be aware that there is no assurance that the Proposed A Share Offering will proceed. The Proposed A Share Offering is subject to the approval of, among others, the Shareholders, the CSRC and other relevant regulatory authorities. Shareholders and potential investors should exercise caution when dealing in the Shares of the Company. The Company will make further announcement(s) in respect of the Proposed A Share Offering pursuant to all applicable requirements under the Listing Rules as and when appropriate.

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PROPOSED A SHARE OFFERING

Proposed A Share Offering Plan

According to the provisions of relevant laws, regulations and regulatory documents, the Company has formulated the Proposed A Share Offering plan as follows:

(1) Type of Shares to be issued

The Shares to be issued under the Proposed A Share Offering are RMB ordinary Shares (A Shares).

(2) Nominal value of Shares to be issued

The nominal value of the Shares to be issued under the Proposed A Share Offering is RMB1.00 per share.

(3) Pricing methodology

The price of the Proposed A Share Offering shall be determined through price consultation with targeted investors, or determined by the independent negotiation between the Board and the sponsor (the lead underwriter), or in other ways approved by the CSRC or Shenzhen Stock Exchange.

The price of the A Share Offering will be determined by consultation with professional institutional investors, and the Board and the underwriters of the Company will take into account, among others, (i) the operational and financial conditions of the Company; (ii) the valuation level of comparable companies; (iii) the then market conditions of the A Share; and (iv) the applicable laws and regulations, including the Administrative Measures for Securities Issuance and Underwriting (《證券發行與承銷管理辦法》), the Special Regulations on Initial Public Offering of Securities and Underwriting on the ChiNext (《創業板首次公開發行證券發行與承銷特別規定》), and the Rules for Implementation of Initial Public Offering of Securities and Underwriting on the ChiNext of Shenzhen Stock Exchange (《深圳證券交易所創業板首次公開發行證券發行與承銷業務實施細則》), when determining the final issue price.

According to the relevant supervision and administration requirements on state-owned assets, the price of the Proposed A Share Offering shall not, in principle, be lower than the Company's latest audited net assets per share available when such issue price is determined. The Company shall also comply with the relevant requirements under the Listing Rules in respect of the price of the Proposed A Share Offering.

(4) Method of offering

The Proposed A Share Offering shall be conducted by way of combining placing through offline price consultation to targeted investors and online offering to the public investors at a fixed price, or in other ways of issuance approved by the CSRC or Shenzhen Stock Exchange (including but not limited to placing shares to the strategic investors).

(5) Offering size

The offering size of the Proposed A Share Offering shall be not more than 58,780,000 Shares (inclusive). The final number of Shares to be issued shall be determined by the Board and its authorised persons under the authorisation of the EGM and the Class Meetings based on the quantity approved by relevant government authorities, securities regulatory authorities and stock exchanges, the Company's capital requirements and the situation of the market after negotiations with the sponsor (the lead underwriter). In the event that there are ex-right matters such as bonus issue and capitalisation of capital reserve prior to the Proposed A Share Offering, the number of Shares to be issued will be adjusted accordingly. The Shares under the Proposed A Share Offering shall all be new shares and shall not involve the public offering shares held by Shareholders of the Company (i.e. the transfer of existing Shares).

For the effects on the Company's shareholding structure, please refer to "Effects of the Proposed A Share Offering on Shareholding Structure of the Company". The Company believes that the Proposed A Share Offering will not cause material changes to its existing shareholding structure, nor will it result in any material adverse changes to its governance and operation.

(6) Target subscribers

The target subscribers of the Proposed A Share Offering are qualified price consultation investors, investors who have opened ChiNext accounts in Shenzhen Stock Exchange and are qualified for investing in ChiNext (other than the buyers prohibited by the PRC laws) and other targets specified by the CSRC and Shenzhen Stock Exchange.

If any of the above target subscribers of the Proposed A Share Offering is a connected person of the Company, the Company will comply with the reporting, announcement and independent Shareholders' approval requirements (if applicable) under Chapter 14A of the Listing Rules. As at the date of this announcement, no connected person of the Company has indicated to the Company that it intends to participate in the subscription for A Shares through such methods which will make the Company subject to the relevant requirements under the Listing Rules.

(7) Use of proceeds

The proceeds proposed to be raised from the Proposed A Share Offering will be not more than RMB2 billion. All the proceeds after deducting the issuance expenses will be used as the construction and operation funds required for the development of the ultra-thin and high-transmissivity photovoltaic glass project related to the main business of the Company and to supplement the working capital.

Prior to receiving the proceeds from the Proposed A Share Offering, the Company will finance the project with its self-owned or self-raised funds based on the implementation progress and payment situation of the projects. Upon receipt of the proceeds from the Proposed A Share Offering, the proceeds can be used to replace the funds previously made and to pay the remaining payments of the project.

If the actual proceeds from the Proposed A Share Offering fail to meet the fund requirements of the abovementioned projects, the Company will make up the insufficient parts by its self-owned or self-raised funds. If the actual proceeds from the Proposed A Share Offering exceed the fund demand of the project, the Company will use them after performing the corresponding decision-making procedures in accordance with relevant regulations.

(8) Plan for distribution of retained profit

The retained profit undistributed before the Proposed A Share Offering will be shared by existing and new Shareholders upon the Proposed A Share Offering in proportion to their shareholdings.

(9) Method of underwriting

The method of underwriting of the Proposed A Share Offering will be standby underwriting.

(10) Place of listing

The A Shares proposed to be issued are expected to be listed on the ChiNext of the Shenzhen Stock Exchange.

(11) Time of offering

The Company will proceed with the offering after approved by the Shenzhen Stock Exchange and registered with the CSRC, and the specific offering date shall be determined by the Board and its authorised persons under the authorisation of the EGM and the Class Meetings upon the approval of the Shenzhen Stock Exchange and registration at the CSRC.

(12) Conversion into a joint stock company with domestic and overseas offering and listing of Shares

According to the plan for the Proposed A Share Offering and taking into account the fact that the Company has made the initial public offering of the overseas listed foreign invested shares (H Shares) and listed them on the Stock Exchange, the Company intends to apply for the conversion into a joint stock company with domestic and overseas offering and listing of Shares.

(13) Valid period of the resolution

The resolution of the Proposed A Share Offering and Listing shall be valid for 12 months from the date of approval at the EGM and the Class Meetings. If the Company fails to obtain the decision of the CSRC to agree the registration of the Proposed A Share Offering and Listing within the validity period, the validity period of the resolution of the Proposed A Share Offering and Listing will be automatically extended to the date when all matters related to the Proposed A Share Offering and Listing are completed.

Proposal at the EGM and the Class Meetings to Authorise the Board and its Authorised Persons to Deal with Matters Relating to the Proposed A Share Offering

In order to meet the working needs of the Proposed A Share Offering and Listing, according to the requirements of relevant laws and regulations and relevant regulatory documents, the Board hereby proposes to the EGM and the Class Meetings to authorise the Board and its authorised persons to exercise full discretion to deal with all matters relating to the Proposed A Share Offering and Listing, including but not limited to:

- (1) within the scope of the plan of the Proposed A Share Offering and Listing considered and approved at the EGM and the Class Meetings and pursuant to relevant requirements of PRC laws, securities regulatory authorities and stock exchanges, to exercise full discretion to adjust and implement the plan, and to determine the specific matters related to the Proposed A Share Offering and Listing, on the basis of thorough negotiation with the sponsor (the lead underwriter), including but not limited to determining the specific matters such as the issuing time, quantity (including whether to conduct over-allotment), structure, object, and method of issuance, pricing method, issue price (including price range and final pricing), place of listing and other matters related to the Proposed A Share Offering and Listing; to approve the payment of necessary listing fees; to resolve the listing cost budget, release the announcements related to the Proposed A Share Offering and Listing and pre-disclosure documents and other matters related to the Proposed A Share Offering and Listing;

- (2) to deal with the application and reporting of the Proposed A Share Offering and Listing, including but not limited to the application, examination and approval, registration, filing, approval, consent, registration and other procedures with the relevant government authorities, securities regulatory authorities, stock exchanges and securities registration and settlement institutions for the Proposed A Share Offering and Listing; to draft, modify, approve, sign, submit, publish, execute and complete any application, report, statement, commitment, confirmation, agreement, contract or necessary documents (including but not limited to the letter of intent, prospectus, commitment letters, other declaration documents, recommendation agreement, underwriting agreement, listing agreement, strategic investment agreement, placement agreement, relevant announcement, shareholders' notice, related party transaction agreement and intermediary service agreement) related to the Proposed A Share Offering and Listing, and take all other necessary, proper or appropriate actions related to the Proposed A Share Offering and Listing and the investment projects funded by the proceeds raised according to the opinions of relevant government authorities, securities regulatory authorities and stock exchanges or the actual applicable situations, so as to complete the Proposed A Share Offering and Listing;
- (3) to draft, modify, approve and sign the service agreement or employment agreement between the Company and the directors and the supervisors;
- (4) according to the implementation of the plan of the Proposed A Share Offering, market conditions, policy adjustments and the opinions of the regulatory authorities, to adjust the specific terms of the plan of the Proposed A Share Offering and Listing and the investment projects funded by proceeds raised, and determine the progress of investment schedule of the investment projects funded by proceeds raised; to approve and execute the major contracts in the course of the investment projects funded by proceeds raised;
- (5) to make relevant commitments, statements and confirmations in accordance with relevant provisions of PRC laws, the securities regulatory authorities and stock exchanges and the actual needs of the Proposed A Share Offering and Listing;
- (6) to determine the special account for the deposit of proceeds before the Proposed A Share Offering as required;
- (7) to make appropriate amendments to the Articles of Association relating to share capital/registered capital, share capital structure and other provisions to be modified, and deal with the approval, alteration and filing with the company registration authorities and other relevant government departments, after the completion of the Proposed A Share Offering;

- (8) to engage and appoint relevant intermediaries for the Proposed A Share Offering and Listing, determine their service fees, and execute engagement or appointment agreements;
- (9) to deal with specific matters related to the listing of the shares of the Proposed A Share Offering on the stock exchanges upon the completion of the Proposed A Share Offering, including but not limited to handling matters related to share registration in securities registration and clearing organisations according to the commitments of each shareholder, making information disclosures according to PRC laws and the transaction rules of the stock exchanges, and submitting relevant documents of the Proposed A Share Offering and Listing to relevant government authorities, securities regulatory authorities and stock exchanges;
- (10) to authorise the Board to deal with other matters which are not listed above but considered by the Board to be related to the Proposed A Share Offering and Listing, including authorising the chairman of the Board or the specific persons further designated by the chairman of the Board to handle specific matters.

The authorisation shall be valid for 12 months from the date of approval at the EGM and the Class Meetings. If the Company fails to obtain the decision of the CSRC to agree the registration of the Proposed A Share Offering and Listing within the validity period, the validity period of the resolution of the Proposed A Share Offering and Listing will be automatically extended to the date when all matters related to the Proposed A Share Offering and Listing are completed.

REASONS FOR AND BENEFITS OF THE PROPOSED A SHARE OFFERING

The Directors consider that the Proposed A Share Offering will be beneficial to enhance the corporate image of the Company, broaden the Company's funding channels, increase the Company's recognitions of capital market and promote the business growth of the Company. The Directors also believe that the Proposed A Share Offering can enrich the Company's liquidity, lower the gearing ratio, optimize its capital structure, reduce financial risks, and enhance the profitability, is therefore beneficial to the healthy operation and continuous development of the Company and in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE PROPOSED A SHARE OFFERING ON SHAREHOLDING STRUCTURE OF THE COMPANY

The 80,073,400 existing Domestic Shares of the Company will be converted into A Shares on the date of completion of the Proposed A Share Offering. For reference and illustration purposes, assuming that all 58,780,000 A Shares under the Proposed A Share Offering are approved and issued, and all of which are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the Proposed A Share Offering, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Proposed A Share Offering is set out as follows:

	As at the date of this announcement		Immediately after the completion of the Proposed A Share Offering	
	Number of Shares	percentage of the total issued share capital	Number of Shares	percentage of the total issued share capital
Domestic Shares				
IRICO Group Company Limited	80,073,400	45.41%	–	–
Sub-total	80,073,400	45.41%	–	–
A Shares				
IRICO Group Company Limited	–	–	80,073,400	34.06%
Public Shareholders	–	–	58,780,000	25.00%
Sub-total	–	–	138,853,400	59.06%
H Shares				
Rui Bou Electronics (HK) Limited ^{note}	7,556,500	4.29%	7,556,500	3.21%
Xianyang Zhongdian IRICO Group Holdings Ltd.	44,444,300	25.21%	44,444,300	18.90%
Public Shareholders	44,247,870	25.09%	44,247,870	18.82%
Sub-total	96,248,670	54.59%	96,248,670	40.94%
Total	176,322,070	100.00%	235,102,070	100.00%

Note: As at the date of this announcement, Rui Bou Electronics (HK) Limited is a wholly-owned subsidiary of IRICO Group Company Limited, therefore, the Shares held by it are not deemed as public shareholding.

As at the date of this announcement, based on the publicly available information of the Company and to the Directors' knowledge, more than 25% of the issued Shares of the Company (all being H Shares) were held by the public which satisfies the public float requirements under the Listing Rules.

Assuming that all 58,780,000 A Shares under the Proposed A Share Offering are approved and issued, and all of which are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the Proposed A Share Offering, the public float percentage of the A Shares and H Shares of the Company immediately after the completion of the Proposed A Share Offering will be approximately 43.82%, which will continue to satisfy the requirements under Rule 8.08 of the Listing Rules. The Company undertakes that it will continue to comply with the public float requirements under the Listing Rules during the application process and after completion of the Proposed A Share Offering.

As at the date of this announcement, the Company has not entered into or proposed to enter into any agreement with any connected persons of the Company in connection with the subscription for A Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 28 August 2020, the Company completed the placing of new H Shares, and 1,294,092,000 new H Shares in aggregate were successfully placed to not less than six but not more than ten places at the placing price of HK\$1.12 per share through placing agents. The actual net proceeds of the placing of the Company are approximately HK\$1.44 billion (equivalent to approximately RMB1.2816 billion). As at the date of this announcement, all the aforesaid proceeds from the placing have been used to replace the initial investment funds in Yan'an Photovoltaic Glass Project and Hefei Photovoltaic Glass Project (Phase II) and to replenish the working capital of the Company in accordance with the plan.

Other than fund raising activities as set out above, the Company has not conducted any other fund raising activities involving the issue of equity securities within 12 months immediately prior to the date of this announcement.

GENERAL

The Company will convene the EGM and the Class Meetings for the Shareholders to consider and approve, among other things, the resolutions regarding the Proposed A Share Offering and related matters. A circular for the EGM and the Class Meetings containing, among other things, the details of the above resolutions, together with the notice of the EGM and the notices of the Class Meetings, will be despatched to the Shareholders in due course.

Shareholders and potential investors should be aware that there is no assurance that the Proposed A Share Offering will proceed. The Proposed A Share Offering is subject to the approval of, among others, the Shareholders, the CSRC and other relevant regulatory authorities. Shareholders and potential investors should exercise caution when dealing in the Shares of the Company. The Company will make further announcement(s) in respect of the Proposed A Share Offering pursuant to all applicable requirements under the Listing Rules as and when appropriate.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“A Share(s)”	the ordinary share(s) with a par value of RMB1.00 each in the share capital of the Company to be allotted, issued and listed on the ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“ChiNext”	the ChiNext (創業板) of the Shenzhen Stock Exchange
“Class Meeting(s)”	the H Shareholders’ Class Meeting and the Domestic Shareholders’ Class Meeting, collectively
“Company”	IRICO Group New Energy Company Limited* (彩虹集團新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on The Stock Exchange of Hong Kong Limited
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for in RMB

“Domestic Shareholders’ Class Meeting”	the class meeting of the holders of Domestic Shares to be convened and held by the Company to consider and, if appropriate, to approve, among others, the Proposed A Share Offering
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if appropriate, to approve, among others, the Proposed A Share Offering
“H Share(s)”	overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK\$
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened and held by the Company to consider and, if appropriate, to approve, among others, the Proposed A Share Offering
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed A Share Offering” or “Proposed A Share Offering and Listing”	the proposed initial public offering by the Company of no more than 58,780,000 A Shares with a par value of RMB1.00 each which are proposed to be listed on the ChiNext of the Shenzhen Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of nominal value of RMB1.00 each in the share capital of the Company, including the Domestic Shares and the H Shares
“Shareholder(s)”	the holder(s) of the share(s) of the Company

“Shenzhen Stock Exchange” the Shenzhen Stock Exchange

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent

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

Shaanxi Province, the PRC
6 August 2021

As at the date of this announcement, the Board consists of Mr. Si Yuncong and Mr. Tong Xiaofei as executive directors, Mr. Fan Laiying and Mr. Ni Huadong as non-executive directors, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive directors.

* *For identification purpose only*