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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)

**(1) ADOPTION OF THE PRC ACCOUNTING STANDARDS
FOR BUSINESS ENTERPRISES;
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION; AND
(3) PROPOSED CHANGE OF OVERSEAS AUDITOR AND
PROPOSED APPOINTMENT OF AUDITOR**

On 6 November 2017, the board of directors (the “**Board**”) of IRICO Group New Energy Company Limited* (the “**Company**”) considered and approved the adoption of the PRC Accounting Standards for Business Enterprises (the “**PRC Accounting Standards for Business Enterprises**”) for preparation of the overseas financial report of the Company, certain proposed amendments to the articles of association of the Company (the “**Articles of Association**”), and the proposed change of overseas auditor and proposed appointment of auditor.

ADOPTION OF THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

According to the *Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong* (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by The Stock Exchange of Hong Kong Limited in December 2010, mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using mainland accounting standards, and mainland audit firms approved by the Ministry of Finance (the “**MOF**”) of the People’s Republic of China (the “**PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”) are allowed to serve these issuers using mainland auditing standards.

In order to improve efficiency and reduce disclosure costs and audit fees, the Board has considered and approved the adoption of the PRC Accounting Standards for Business Enterprises to replace the Hong Kong Financial Reporting Standards as the basis for preparation of the overseas financial report of the Company with effect from 1 January 2018. The Company is of the view that the adoption of the PRC Accounting Standards for Business Enterprises will not affect the publication of the Company's results for the year ended 31 December 2017.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the change of basis for preparation of the overseas financial report of the Company and in accordance with the spirit of the work meeting on Party construction by state-owned enterprises in the PRC in relation to proactive fulfillment of the requirements of the organizing department of the Central Committee of the Communist Party of China and the State-owned Assets Supervision and Administration Commission of the State Council on incorporating the overall requirements of Party construction into the articles of association of companies, the Board proposed the following amendments to the Articles of Association, subject to approval by shareholders at the extraordinary general meeting to be convened by the Company in due course. The amendments to relevant articles involving change of accounting standards shall come into effect since 1 January 2018.

Details of the proposed amendments to the Articles of Association are as follows:

I. AMENDMENTS ON CONSTRUCTION OF AN ORGANISATION OF THE COMMUNIST PARTY OF CHINA:

Original articles	Amended articles
	<p>Article added</p> <p>Article 8 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China. The Party Committee shall perform the core leadership and core political functions, controlling the directions, managing the overall situation and ensuring the implementation. The Company shall set up a working organ for the Party, allocate sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.</p>

Original articles	Amended articles
Chapter added Chapter 10 Party Committee	
	<p>Article added</p> <p>Article 98 The Company shall set up the Party Committee consisting of one secretary and several other members and a deputy secretary shall be designated to be responsible for the Party construction works of the Company. Eligible members of the Party Committee are allowed to join the Board, the Supervisory Committee and management through legal procedures. Eligible members in the Board, the Supervisory Committee and management are allowed to join the Party Committee in accordance with relevant provisions and procedures. Meanwhile, the Commission for Discipline Inspection shall be established in accordance with provisions.</p>
	<p>Article added</p> <p>Article 99 The Party Committee of the Company shall discharge its duties in accordance with the provisions under the Constitution of the Communist Party for China and the Working Rules of the Party Group of the Communist Party of China.</p> <p>(1) Guarantee and supervise the implementation of policies and guidelines of the Party and the State in the Company, and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as make deployment for the relevant material works of the Party committee of the State-owned Assets Supervision and Administration Commission of the State Council and the higher-level Party organizations.</p>

Original articles	Amended articles
	<p>(2) Strengthen its leadership and gate keeping role in the management of the process of selection and appointment of personnel, focusing on standards, procedure, evaluation, recommendation and supervision, insist on the combination of the principles of management of cadres by the Party and the selection of operation managers by the Board and the right of employment by the operation managers in accordance with laws.</p> <p>(3) Consider and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and put forth comments and suggestions. Support the shareholders' general meeting, the Board, the Supervisory Committee and the senior management in performing their duties in accordance with law and support the congress of employees in carrying out its work.</p> <p>(4) Assume the primary responsibility to run the Party comprehensively with strict discipline, lead the Company's ideological and political work, the united front work, the spiritual civilization building, corporate culture cultivation as well as the work of groups such as the labour union of the Company and the Communist Youth League, take the lead on improving Party conduct and upholding integrity and support the Commission for Discipline Inspection in practical performance of oversight responsibility.</p> <p>(5) Other material matters that fall within the duties of the Party Committee.</p>

Original articles	Amended articles
	<p data-bbox="847 215 1043 248">Article added</p> <p data-bbox="847 286 1433 427">Article 100 Prior to making decisions on material issues of the Company, the Board shall hear the opinions from the Party Committee of the Company.</p>

II. AMENDMENTS ON CHANGE OF ACCOUNTING STANDARDS :

Original articles	Amended articles
<p data-bbox="240 667 825 1630">Article 151: The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with international accounting standards or such accounting standards of the place where the shares of the Company are listed. Where material differences appear in the financial statements prepared in accordance with the two sets of accounting standards mentioned above, the financial statements shall contain statements of the material differences. Where the Company makes a distribution of profit after taxation in respect of the relevant financial year, the amount of distribution shall be the lesser of the profit after taxation as shown in both financial statements as aforesaid.</p>	<p data-bbox="847 667 1433 857">Article 155: The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.</p>

Original articles	Amended articles
<p>Article 152: The interim results and financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and at the same time to be prepared in accordance with international accounting standards or the accounting standards of the place where the shares of the Company are listed.</p>	<p>Article 156: The interim/annual results and financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.</p>

Note: Due to the above amendments involving addition of a chapter and articles, the numbers of chapters and articles in the Articles of Association shall be adjusted accordingly.

PROPOSED CHANGE OF OVERSEAS AUDITOR AND PROPOSED APPOINTMENT OF AUDITOR

WUYIGE Certified Public Accountants LLP (大信會計師事務所 (特殊普通合夥)) and PKF Hong Kong Limited (大信梁學濂 (香港) 會計師事務所有限公司) currently serve as the domestic and the overseas auditors of the Company, respectively. In view of the above change of basis for preparation of overseas financial report of the Company, the Board proposed to cease the re-appointment of PKF Hong Kong Limited (大信梁學濂 (香港) 會計師事務所有限公司) as the overseas auditor of the Company for the year 2018, subject to the approval by shareholders at the annual general meeting.

In addition, the Board proposed to appoint WUYIGE Certified Public Accountants LLP (大信會計師事務所 (特殊普通合夥)) as the auditor of the Company to carry out audit on the financial statements of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises and discharge the duties as an overseas auditor under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, subject to the approval by shareholders at the annual general meeting. WUYIGE Certified Public Accountants LLP (大信會計師事務所 (特殊普通合夥)) is a firm of practicing accountants which has been approved by the MOF and the CSRC and eligible to provide auditing services by using the China Standards on Auditing to the mainland incorporated issuers listed in Hong Kong.

PKF Hong Kong Limited (大信梁學濂 (香港) 會計師事務所有限公司) has confirmed that there are no matters regarding the proposed cessation of its re-appointment that need to be brought to the attention of shareholders. The Board is not aware of any matter regarding the proposed change of the overseas auditor of the Company that needs to be brought to the attention of shareholders. The Board and the audit committee of the Company have confirmed that there is no disagreement between the Company and PKF Hong Kong Limited (大信梁學濂 (香港) 會計師事務所有限公司) regarding the proposed cessation of its re-appointment.

The Company is of the view that the proposed change of the overseas auditor of the Company will not affect the publication of the Company's results for the year ended 31 December 2017.

HOLDING GENERAL MEETINGS

The Company will hold an extraordinary general meeting and an annual general meeting, respectively, to consider and approve, among others, the proposed amendments to the Articles of Association and the proposed change of overseas auditor and proposed appointment of auditor. Notices of the general meetings and circulars containing relevant details will be despatched to the shareholders of the Company in due course.

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

Shaanxi Province, the PRC
6 November 2017

As at the date of this announcement, the Board consists of Mr. Si Yuncong and Mr. Zou Changfu as executive directors, Mr. Huang Mingyan and Mr. Chen Changqing as non-executive directors, and Mr. Feng Bing, Mr. Wang Jialu and Mr. Wang Zhicheng as independent non-executive directors.

* *For identification purposes only*