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陝西西北新技術實業股份有限公司
SHAANXI NORTHWEST NEW TECHNOLOGY INDUSTRY COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8258)

- (1) RESIGNATION OF DIRECTORS**
- (2) CHANGE OF MEMBERS OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE**
- (3) RESIGNATION OF COMPANY SECRETARY**
- (4) TERMINATION AGREEMENT**
- (5) DISCLOSEABLE TRANSACTION – FORMATION OF A JOINT VENTURE AND**
- (6) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION**

RESIGNATION OF DIRECTORS

The Company announces that with effect from 12 August 2014:

- (1) Ms. Zhou Jin has resigned as executive Director;
- (2) Mr. Gao Peng has resigned as non-executive Director, a member of audit committee of the Company and the chairman of the remuneration committee of the Company;
- (3) Mr. Wong Hon Kit has resigned as non-executive Director;
- (4) Mr. Simon Luk has resigned as non-executive Director; and
- (5) Mr. Chen Tao has resigned as independent non-executive Director and a member of the audit committee of the Company.

Each of the Resigned Directors has confirmed that (i) his/her resignation is due to his/her intention to spend more time on his/her other business and personal commitments; and (ii) he/she has no disagreement with the Board and there is no matter which needs to be brought to the attention of the Shareholders in respect of his/her resignation.

* For identification purpose only

The Board would like to express gratitude to the Resigned Directors for their valuable contribution to the Company during the tenure of their office.

CHANGE OF MEMBERS OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE

With effect from 12 August 2014, Mr. Li Gangjian, independent non-executive Director, has resigned as a member of each of the remuneration committee and nomination committee of the Company.

The Board is pleased to announce that the following Directors have been appointed to the respective roles in the audit committee, nomination committee and remuneration committee of the Company set out below, all with effect from 12 August 2014:

Audit committee: Mr. Zhao Boxiang (member) and Prof. Zhao Xiaoning (member)

Remuneration committee: Prof. Zhao Xiaoning (chairman) and Mr. Yang Xiaohuai (member)

Nomination committee: Mr. Wang Feng (member)

RESIGNATION OF COMPANY SECRETARY

The Board of the Company hereby announces that Mr. Yao Yan Ping has resigned as the company secretary of the Company with effect from 31 July 2014. The Board takes this opportunity to express its gratitude to Mr. Yao for his contributions to the Company during the tenure of his office.

The Company is in the process of identifying a suitable candidate with the appropriate qualifications as its company secretary in compliance with the requirements of the GEM Listing Rules and will issue further announcement as soon as practicable on any development thereof.

TERMINATION AGREEMENT

Reference is made to the announcements of the Company dated 24 December 2012 and 14 March 2013 respectively in relation to the acquisition of 3% of the equity interests in Champion Commercial Consultant Limited.

On 12 August 2014, the Company and the Vendor entered into a termination agreement, pursuant to which the Company and the Vendor unconditionally and irrevocably agree, among others, that with immediate effect (i) the Agreement shall be absolutely terminated; (ii) none of the Company and the Vendor has or shall have any rights, claims or interests whatsoever against the other under or arising from the Agreement; and (iii) to the extent that any of the Company and the Vendor has or may have any rights, claims or interests whatsoever against the other under or arising from the Agreement, such rights, claims or interests are fully, irrevocably, unconditionally and absolutely waived, discharged and released.

FORMATION OF A JOINT VENTURE

The Joint Venture Agreement

On 5 November 2012, the Company and Xi'an Juyuan entered into the Joint Venture Agreement for the formation of the Joint Venture which will be engaged in the construction and operation of a CNG station in Xi'an, Shaanxi Province, the PRC.

Capital contribution

Pursuant to the Joint Venture Agreement, the total capital contribution of the Joint Venture is RMB15 million, of which RMB7 million (representing approximately 46.7% of the total capital contribution) shall be contributed by the Company and RMB8 million (representing approximately 53.3% of the total capital contribution) shall be contributed by Xi'an Juyuan.

The amount of capital contribution made by the Company and Xi'an Juyuan was arrived at following arm's length negotiations between them. The Company has funded its capital contribution by its internal resources. The Joint Venture is not accounted for as a subsidiary of the Company.

Management of the Joint Venture

Pursuant to the Joint Venture Agreement, when the construction of the CNG station is completed, the Company and Xi'an Juyuan will jointly establish the management team and formulate the management system.

Restrictions in transfer

In the event that the Company or Xi'an Juyuan transfers its capital contribution in the Joint Venture to a third party, it shall obtain the consent of the other party and the other party shall have a first right of refusal to such capital contribution.

Information of the parties

The Company is principally engaged in the research and development, production and sale of innovative environmental protection energy material and products, fuel oil additives and chemical products.

Xi'an Juyuan is a company incorporated in the PRC with limited liability and is principally engaged in the manufacture and process of electrical appliances and has participated in the construction and operation of a CNG station in Xi'an, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Xi'an Juyuan and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Reasons for and the benefit of forming the Joint Venture

The Company has been looking for opportunity in order to tap into the natural gas sector as its long term development strategy. The Company and Xi'an Juyuan desire to, through the Joint Venture, jointly carry out the construction and operation of the CNG station. The Directors were optimistic about the prospect of CNG stations business in

Xi'an, and believed that the formation of the Joint Venture would enable it to tap into the natural gas sector and create income and profit to the benefit of the Company and the Shareholders as a whole.

The terms of the Joint Venture Agreement were negotiated after arm's length negotiation. The Directors consider that the Joint Venture Agreement was entered into on normal commercial terms, and that the terms of the Joint Venture Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Currently, the construction of the CNG station has been suspended subject to the progress of the acquisition by the Company of a limited liability company incorporated in the PRC. The said company is principally engaged in the distribution of natural gas in Shaanxi Province, the PRC and is expected to supply CNG to the CNG station constructed and operated by the Joint Venture. Please refer to the announcement of the Company dated 5 December 2011 regarding the acquisition of the said company.

Implications under the GEM Listing Rules

As the applicable percentage ratios for the transaction contemplated under the Joint Venture Agreement exceed 5% but are less than 25%, the transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements thereunder.

Due to inadvertency of the relevant staff of the Company in calculating the applicable percentage ratios, the Company had not complied with the notification and announcement requirements under Chapter 19 of the GEM Listing Rules in a timely manner.

In order to prevent the occurrence of similar events in the future, the Company has undertaken the following remedial actions:

- (a) criticized the relevant staff of the Company;
- (b) imposed a fine on the staff who is primarily responsible for the event;
- (c) undertook a review of the internal control system of the Company and modified the relevant working steps; and
- (d) provided training to the relevant staff.

In addition, the Company will arrange for more training to the relevant staff to increase their knowledge on the GEM Listing Rules, reinforce its internal control system and seek advices from legal advisers and other professional advisers as when and appropriate.

PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company will propose the following amendments to the Articles of Association for the Shareholders' consideration and approval at the AGM:

- (a) The current Article 44 of the Articles of Association reads as follows:

“No changes resulting from the share transfers may be made to the register of shareholders within 10 days prior to a shareholders' general meeting or 5 days prior to the record date set by the Company for the purpose of distribution of dividends.”

Article 44 will be amended to read as follows:

“No changes resulting from the share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the record date set by the Company for the purpose of distribution of dividends.”

- (b) The current Article 59 of the Articles of Association reads as follows:

“When the Company is to hold a shareholders' general meeting, it shall issue a notice 25 days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall, within 5 days prior to the meeting, deliver a written reply to the Company on meeting attendance.”

Article 59 will be amended to read as follows:

“When the Company is to hold a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company on meeting attendance.”

- (c) The current Article 61 of the Articles of Association reads as follows:

“Based on the written replies received 5 days prior to a shareholders' general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by them is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within 3 days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the shareholders' general meeting. Extraordinary general meetings may not decide on matters not specified in the notice or announcement.”

Article 61 will be amended to read as follows:

“Based on the written replies received 20 days prior to a shareholders’ general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by them is more than half of the total number of the Company’s voting shares, the Company may hold the shareholders’ general meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may hold the shareholders’ general meeting. Extraordinary general meetings may not decide on matters not specified in the notice or announcement.”

- (d) The current second paragraph of Article 63 of the Articles of Association reads as follows:

“The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the State Council authorities in charge of securities during the period between 25 and 30 days before the meeting is held. Once the public announcement is made, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders’ general meeting.”

The second paragraph of Article 63 will be amended to read as follows:

“The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the State Council authorities in charge of securities during the period between 45 and 50 days before the meeting is held. Once the public announcement is made, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders’ general meeting.”

- (e) The current Article 92 of the Articles of Association reads as follows:

“When the Company is to hold a shareholders’ class meeting, it shall issue a written notice 25 days prior to the meeting informing all the shareholders in the same class of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders in the same class who intend to attend the shareholders’ class meeting shall, within 5 days prior to the meeting, deliver a written reply to the Company on meeting attendance.

If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company’s voting shares in the same class, the Company may hold the shareholders’ class meeting. If not, the Company shall within 3 days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement.

Upon notification by public announcement, the Company may hold the shareholders' class meeting."

Article 92 will be amended to read as follows:

"When the Company is to hold a shareholders' class meeting, it shall issue a written notice 45 days prior to the meeting informing all the shareholders in the same class of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders in the same class who intend to attend the shareholders' class meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company on meeting attendance.

If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares in the same class, the Company may hold the shareholders' class meeting. If not, the Company shall within 5 days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement.

Upon notification by public announcement, the Company may hold the shareholders' class meeting."

(f) The current Article 95 of the Articles of Association reads as follows:

"The Company shall have a board of directors which shall consist of nine directors and shall have one chairman.

The board of directors consists executive directors, non-executive directors and independent non-executive directors."

Article 95 will be amended to read as follows:

"The Company shall have a board of directors which shall consist of seven directors and shall have one chairman.

The board of directors consists executive directors, non-executive directors and independent non-executive directors."

The proposed amendment of the Articles of Association requires Shareholders' approval by way of a special resolution. The proposed amendment of the Articles of Association shall come into effect upon the completion of the relevant approval, filing and/or registration procedures in the PRC.

Shareholders should be aware that the Articles of Association was adopted in Chinese only. The English text of the Articles of Association (or the proposed amendments thereof) as stated in this announcement is only a translation prepared for reference only. The Chinese version of the Articles of Association shall prevail in case there is discrepancy in the translation and/or inconsistency between the two versions.

THE AGM

Resolutions will be proposed at the AGM, among other things, to approve the proposed amendment of the Articles of Association.

A circular containing further information regarding the proposed amendment of the Articles of Association together with the notice of the AGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“AGM”	the annual general meeting of the Company
“Agreement”	the sale and purchase agreement dated 24 December 2012 entered into between the Company and the Vendor in respect of the acquisition of 3% of the equity interests in Champion Commercial Consultant Limited
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	陝西西北新技術實業股份有限公司 (Shaanxi Northwest New Technology Industry Company Limited*), a joint stock company incorporated in the PRC and whose H Shares are listed on GEM
“Directors”	the directors of the Company
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars

“Joint Venture”	a company to be established jointly by the Company and Xi’an Juyuan in the PRC with limited liability pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	an agreement dated 5 November 2012 entered into between the Company and Xi’an Juyuan in relation to the establishment of the Joint Venture
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Resigned Directors”	collectively, Ms. Zhou Jin, Mr. Gao Peng, Mr. Wong Hon Kit, Mr. Simon Luk and Mr. Chen Tao
“Shareholders”	holders of the Domestic Shares and the H Shares
“Shares”	Domestic Shares and H Shares
“Vendor”	Mr. Yau Yik Ming, Leao
“Xi’an Juyuan”	西安聚源智能電器有限公司 (Xi’an Juyuan Intellectual Electric Appliances Company Limited*), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Shaanxi Northwest New Technology Industry Company Limited*
Wang Cong
Chairman

Shaanxi Province, the PRC, 12 August 2014

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Cong, Mr. Wang Feng, Mr. Yang Xiaohuai and Ms. Tian Lingling

Independent non-executive Directors:

Mr. Li Gangjian, Mr. Zhao Boxiang and Prof. Zhao Xiaoning

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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