



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)

Interim 2006 Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed companies.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Shaanxi Northwest New Technology Industry Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Shaanxi Northwest New Technology Industry Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONTENTS

- 2 Summary
- 3 Financial Information
- 12 Management Discussion and Analysis
- 15 Other Information

SUMMARY

- For the six months ended 30 June 2006, a turnover of RMB24,945,000 was recorded, representing an increase of 8,683% over the same period of the previous year;
- For the six months ended 30 June 2006, a profit of RMB3,516,000 was recorded, representing an increase of RMB10,530,000 as compared with a loss of RMB7,014,000 in the same period of the previous year;
- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2006.

FINANCIAL INFORMATION

INTERIM RESULTS

The board of Directors (the “Board”) of Shaanxi Northwest New Technology Industry Company Limited (the “Company”) hereby announces the unaudited operating results of the Company for the six months ended 30 June 2006 and the unaudited comparative figures for the corresponding period in 2005 as follows:

Unaudited Income Statement

For the three months and six months ended 30 June 2006

| | Note | For the three months ended 30 June | | For the six months ended 30 June | |
|-------------------------|------|---------------------------------------|-----------------|-------------------------------------|-----------------|
| | | 2006 RMB'000 | 2005 RMB'000 | 2006 RMB'000 | 2005 RMB'000 |
| Turnover | 2 | 14,475 | 106 | 24,945 | 284 |
| Cost of sales | | (9,903) | (108) | (17,504) | (258) |
| Gross profit | | 4,572 | (2) | 7,441 | 26 |
| Government subsidies | | - | - | - | - |
| Other operating income | | - | 15 | - | (4) |
| Distribution costs | | (33) | (162) | (73) | (401) |
| Administrative expenses | | (786) | (2,029) | (2,301) | (5,077) |
| Operating profit | | 3,753 | (2,178) | 5,067 | (5,456) |
| Finance costs | | (776) | (747) | (1,551) | (1,558) |
| Profit before taxation | | 2,977 | (2,925) | 3,516 | (7,014) |
| Taxation | 3 | - | - | - | - |
| Net profit (loss) | | 2,977 | (2,925) | 3,516 | (7,014) |
| Dividend | | - | - | - | - |
| Earnings per share | | RMB0.003 | RMB(0.004) | RMB0.004 | RMB(0.0086) |

Balance Sheet

| | | Unaudited | Audited |
|--|-------------|------------------|----------------|
| | | As at 30 | As at 31 |
| | | June 2006 | December 2005 |
| | <i>Note</i> | RMB'000 | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 24,113 | 22,096 |
| Intangible assets | | 90,681 | 90,636 |
| | | 114,794 | 112,732 |
| Current assets | | | |
| Investories | | 3,117 | 3,153 |
| Account and other receivables and prepayments | 7 | 12,121 | 5,465 |
| Land lease premium | | - | 514 |
| Due from a fellow subsidiary | | - | 6,711 |
| Bills receivable | | - | - |
| Due from ultimate holding company | | - | - |
| Pledged bank deposits | | - | - |
| Bank balances – restricted | | 86,022 | 86,022 |
| Bank balances and cash | | 4,476 | 1,050 |
| | | 105,736 | 102,915 |
| Current liabilities | | | |
| Account and other payables | 8 | 34,804 | 26,460 |
| Bills payable – pledged | | - | - |
| Due to ultimate holding company | | - | 5,329 |
| Dividend payable | | 2,820 | - |
| Taxation payable | | 3,912 | 8,380 |
| Bank borrowings | | 54,401 | 54,401 |
| | | 95,937 | 94,570 |
| Net current assets (liabilities) | | 9,799 | 8,345 |
| Net assets | | 124,593 | 121,077 |
| Capital and reserves | | | |
| Share capital | 9 | 91,000 | 91,000 |
| Reserves | 10 | 33,593 | 30,077 |
| | | 124,593 | 121,077 |

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2006

| | Unaudited | |
|--|----------------------------------|----------------|
| | For the six months ended 30 June | |
| | 2006 | 2005 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash used in operating activities | 3,570 | 14 |
| Net cash used in investment activities | (45) | (199) |
| Net cash from financing | (99) | – |
| Increase/(decrease) in bank balance and cash | 3,426 | (185) |
| Bank balance and cash as at 1 January | 87,072 | 86,355 |
| Bank balance and cash as at 30 June | 90,498 | 86,170 |

Statement of Changes in Equity

For the six months ended 30 June 2006

| | Share capital | Reserves | Total equity |
|--------------------------------|----------------------|-----------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January 2005 | 91,000 | 79,184 | 170,184 |
| Earnings (loss) for the period | – | (7,014) | (7,014) |
| Payment of dividend | | | |
| At 30 June 2005 | 91,000 | 72,170 | 163,170 |
| At 1 January 2006 | 91,000 | 30,077 | 121,077 |
| Earnings (loss) for the period | – | 3,516 | 3,516 |
| Payment of dividend | | | |
| At 30 June 2006 | 91,000 | 33,593 | 124,593 |

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“HKSSAP”) 2.125 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. The interim accounts should be read together with our 2005 annual accounts.

The accounting policies and methods of computation adopted in the preparation of this interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2005.

Certain comparative figures have been reclassified to conform with the presentation of the current period.

2. SEGMENTAL INFORMATION

The turnover and results of the Company during the periods are analyzed in terms of business segments as follows:

For the six months ended 30 June 2006

| | FA-90 and others | FA-D | FA-J | Ferrocene | Total (RMB'000) |
|-------------------------|---------------------|------|------|-----------|--------------------|
| Turnover | 24,945 | - | - | - | 24,945 |
| Cost of sales | (17,504) | - | - | - | (17,504) |
| Gross profit | 7,441 | - | - | - | 7,441 |
| Distribution costs | | | | | (73) |
| Administrative expenses | | | | | (2,301) |
| Finance costs | | | | | (1,551) |
| Other operating income | | | | | - |
| Profit before taxation | | | | | 3,516 |
| Taxation | | | | | - |
| Net profit | | | | | <u>3,516</u> |

For the six months ended 30 June 2005

| | FA-90 and others | FA-D | FA-J | Ferrocene | Total (RMB'000) |
|-------------------------|---------------------|------|------|-----------|--------------------|
| Turnover | 284 | - | - | - | 284 |
| Cost of sales | (258) | - | - | - | (258) |
| Gross profit | 26 | - | - | - | 26 |
| Distribution costs | | | | | (401) |
| Administrative expenses | | | | | (5,077) |
| Finance costs | | | | | (1,558) |
| Other operating income | | | | | (4) |
| Profit before taxation | | | | | (7,014) |
| Taxation | | | | | - |
| Net profit | | | | | <u>(7,014)</u> |

3. TAXATION

Taxes charged from the profit and loss account are as follows:

| | For the three months ended 30 June | | For the six months ended 30 June | |
|------------|---------------------------------------|-----------------|-------------------------------------|-----------------|
| | 2006 RMB'000 | 2005 RMB'000 | 2006 RMB'000 | 2005 RMB'000 |
| PRC (Note) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Note: Taxes in respect of profit derived in the PRC are provided on the estimated assessable profit for the period at the applicable tax rate in the PRC.

4. INTERIM DIVIDEND

The Board does not recommend the payment of the interim dividend for the period (2005: Nil).

5. EARNINGS PER SHARE

The earnings per share for the three months and six months ended 30 June 2006 are RMB0.003 and RMB0.004 respectively. Calculations are based on the total share capital of 910,000,000 shares.

6. FIXED ASSETS

| | As at 30 June 2006 RMB'000 | As at 31 December 2005 RMB'000 |
|--------------------------------|---|--------------------------------------|
| At the beginning of the period | 90,636 | 94,771 |
| Additions | - | 267 |
| Disposals | - | (216) |
| Transfers | - | 304 |
| Depreciation charges | (1,239) | (4,607) |
| Elimination on disposals | - | 117 |
| | <hr/> | <hr/> |
| At the end of the period | <u>89,397</u> | <u>90,636</u> |

7. ACCOUNT RECEIVABLES AND OTHER RECEIVABLES

| | As at 30 June 2006 RMB'000 | As at 31 December 2005 RMB'000 |
|--------------------------|---|--------------------------------------|
| Account receivables | 6,304 | 706 |
| Prepayments and deposits | 5,817 | 4,759 |
| Other receivables | - | - |
| | <hr/> | <hr/> |
| | <u>12,121</u> | <u>5,465</u> |

8. ACCOUNT PAYABLES AND OTHER PAYABLES

| | As at 30 June 2006 RMB'000 | As at 31 December 2005 RMB'000 |
|------------------|---|--------------------------------------|
| Account payables | 8,497 | 1,257 |
| Other payables | 19,595 | 25,203 |
| Accrued expenses | 6,712 | - |
| | <hr/> | <hr/> |
| | <u>34,804</u> | <u>26,460</u> |

9. SHARE CAPITAL

| | As at 30 June 2006 | | As at 31 December 2005 | |
|--|-----------------------|---------|---------------------------|---------|
| | Number of shares | RMB'000 | Number of shares | RMB'000 |
| Authorised | | | | |
| Ordinary shares of nominal value of RMB0.1 each | 910,000,000 | 91,000 | 910,000,000 | 91,000 |
| Issued and fully paid at the end of the period | 910,000,000 | 91,000 | 910,000,000 | 91,000 |

10. RESERVES

| | Share capital | Capital reserve | Statutory surplus reserve | Statutory welfare reserve | Accumulated profit | At at 30 June 2006 RMB'000 | As at 31 December 2005 RMB'000 |
|--|------------------|--------------------|---------------------------------|---------------------------------|-----------------------|-------------------------------------|---|
| At the beginning of the period | 91,000 | 25,880 | 7,578 | 3,791 | (7,172) | 121,077 | 178,404 |
| Profit for the period | | | | | 3,516 | 3,516 | (57,327) |
| Share issuances | | | | | | | |
| Payment of dividend approved as at 31 October 2003 | | | | | | | |
| At the end of the period | 91,000 | 25,880 | 7,578 | 3,791 | 3,656 | 124,593 | 121,077 |

11. PLEDGE OF ASSETS

| Bank | Loan amount (RMB'000) | Status of pledges |
|------------------------|--------------------------|--|
| Bank of Communications | 20,000 | Pledge over the land use right of the Technology Park of the Company |
| China Merchants Bank | 20,000 | Pledge over the construction project of the Technology Park of the Company |
| China Merchants Bank | 10,000 | Pledge over the construction project of the Technology Park of the Company |

12. COMMITMENTS

(a) Capital commitments

| | As at 30 June 2006 RMB'000 | As at 31 December 2005 RMB'000 |
|---|---|--------------------------------------|
| Capital expenses of property, plant and equipment | | |
| – Authorised but not contracted for | – | – |
| – Contracted for but not yet provided for in the financial statements | 12,571 | 12,571 |
| | <u>12,571</u> | <u>12,571</u> |

(b) Operating lease commitments

As at 30 June 2006, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | As at 30 June 2006 Production plants and office buildings RMB'000 | As at 31 December 2005 Production plants and office buildings RMB'000 |
|--|--|---|
| Within 1 year | 310 | 310 |
| After 1 year but not more than 5 years | 1,395 | 1,550 |
| After 5 years | – | – |
| | <u>1,705</u> | <u>1,860</u> |

13. SUBSEQUENT EVENTS

Basis of Preparation and Accounting Policies

The accounting policies and computation methods for preparing these interim accounts were consistent with those adopted in the preparation of annual accounts for the year ended 31 December 2005, with the exception of adoption of the Statements of Standard Accounting Practice No.12 Income Tax (revised) ("SSAP 12 (revised)") issued by the Hong Kong Institute of Certified Public Accountants.

The principal effect of the implementation of SSAP 12 (revised) is on deferred tax. In previous years, no material unprovided deferred tax existed in the relevant periods or on respective balance sheet dates. SSAP 12 (revised) requires the adoption of the balance sheet liability method, whereby deferred tax, with a few exceptions, is recognized in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The adoption of SSAP 12 (revised) has no material effect on the results of the current or prior accounting periods.

Certain comparative figures have been reclassified to conform with the presentation of the current period.

Taxation

Tax payable in respect of profits arising in the PRC have been provided at the applicable rate of 15% in the PRC on the assessable profit.

There is no material deferred taxation not provided for during the Relevant Period or on the respective balance sheet dates.

Dividend

The Directors do not recommend the payment of any dividend for the three months and six months ended 30 June 2006 (For the six months ended 30 June 2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2006, the unaudited turnover of the Company was approximately RMB24,945,000, representing an increase of 8,683% over the corresponding period of the previous year. The unaudited profit for the six months ended 30 June 2006 was RMB3,516,000, representing an increase of RMB10,530,000 as compared with a loss of RMB7,014,000 in the same period of the previous year. The increase in net profit was mainly attributable to the Company's greater effort in collecting loans of previous years, and we

enjoyed supports from previous customers and our major shareholders. We utilised the proceeds received in resuming production gradually. On this basis, we restarted business with customers previously traded with, and recorded sales by supplying products to them. As a result, we achieved a substantial increase in the results for this period as compared to the corresponding period in the previous year during which we suspended production. We also expect that our operation will recover to a considerable level during this year.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2006, the shareholders' equity of the Company was approximately RMB124,593,000 (31 December 2005: RMB121,077,000); cash and bank balances denominated in Renminbi were approximately RMB90,498,000 (31 December 2005: RMB87,072,000); current assets were about RMB105,736,000 (31 December 2005: RMB102,915,000); and current liabilities were approximately RMB95,937,000 (31 December 2005: RMB94,570,000), which mainly comprised short-term bank loans of RMB54,401,000.

Employee Information and Remuneration Policy

For the six months ended 30 June 2006, remuneration of employees of the Company was about RMB709,000 (2005: RMB1,360,000) and the Company employed 135 staff (2005: 135 staff). Remuneration is determined by reference to the position and duties of the staff and individual's performance, qualification and experience. Discretionary bonus may be rewarded to employees by reference to their performance to recognize the contribution and as an incentive. Other benefits include the housing allowances and the unemployment, medical and pension schemes as regulated by the social security system of the PRC government.

Acquisition and Disposal of Substantial Investments and Subsidiaries

For the six months ended 30 June 2006 and the corresponding period of the previous year, there was no significant investment or significant acquisition or disposal of subsidiaries and associates.

Future Significant Investment Plans and Expected Capital Sources

The details for estimated capital sources of the future significant investments or capital expenditure scheme were respectively set out in the section headed "Statement of Business Objectives" of the prospectus of the Company dated 23 June 2003 (the "Prospectus"). Save as disclosed therein, there was no other significant investment plan as at 30 June 2006.

Capital Commitments

Disclosed in Note 12 to the condensed interim results.

Gearing Ratio

The gearing ratio as at 30 June 2006 (calculated as the ratio of total loan to net assets) was 43% (31 December 2005: 45%).

Exchange Rate Risk

The Directors believe that there will be no significant exchange rate risk because all the income and expenditure of the Company are denominated and paid in Renminbi.

Contingent Liability

As at 30 June 2006, there was no significant contingent liabilities.

Review of Business Objectives

As at 30 June 2006, the achievements of the Company were as follows:

Business Development

As at 30 June 2006, the Company concentrated its effort on the production and sales of FA-90 with sales of RMB24,945,000, representing an increase of 8,683% over the corresponding period of previous year. The Company put in greater effort in collecting loans of previous years, and we enjoyed supports from previous customers and our major shareholders. We utilised the proceeds received in resuming production gradually. On this basis, we restarted business with customers previously traded with, and recorded sales by supplying products to them. As a result, we achieved a substantial increase in the results for this period as compared to the corresponding period in the previous year during which we suspended production. We also expect that our operation will recover to a considerable level during this year.

Actual Progress of Business

| Projects | Actual Progress |
|--|----------------------------|
| Construction of new production facilities for FA-90 core components. | The project was suspended* |
| Technology Building | The project was suspended* |
| Technical Centre | The project was suspended* |
| Production facilities for 2-Ethylhexyl Thioglycolate and oil-processing assistants at the Wei Nan Branch | Completed |
| Expansion of sales and distribution network | The project was suspended* |

* *The legal proceedings between the Company and Jing Dian Investment resulted in the freezing of the Company's bank account, therefore, the Company was unable to proceed with the projects.*

OTHER INFORMATION

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN SHARES

As at 30 June 2006, the interests or short positions of the Directors, supervisors and chief executives of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

| Name | Name of associated company of the Company | Capacity | Number of shares and class | Shareholding percentage in the same class of securities |
|--------------------|---|------------------------------------|-----------------------------|---|
| Wang Cong (Note 1) | The Company | Interest of controlled corporation | 548,000,000 domestic shares | 60.22% |
| Wang Cong (Note 2) | Tian Cheng Environmental (天成環保) | Interest of controlled corporation | 13,745,460 ordinary shares | 60.22% |
| Zheng Rongfang | The Company | Beneficial owner | 2,000,000 domestic shares | 0.22% |
| Wang Feng | The Company | Beneficial owner | 2,000,000 domestic shares | 0.22% |
| Zheng Yinglin | The Company | Beneficial owner | 2,000,000 domestic shares | 0.22% |
| Yan Buqiang | The Company | Beneficial owner | 2,000,000 domestic shares | 0.22% |

Notes:

1. The 548,000,000 domestic shares are held by Shaanxi Northwest Industry (Group) Company Limited (陝西西北實業(集團)公司)(formerly known as Xi'an Fan Sen Property Development Company Limited (西安凡森置業發展有限公司) ("Northwest Group"), which is beneficially owned as to 98% by Wang Cong. Wang Cong is deemed to be interested in 548,000,000 domestic shares.
2. Tian Cheng Environmental (天成環保) is a 98% owned subsidiary of Northwest Group, the holding company of the Company, and is thus an associated corporation of the Company.

DIRECTORS' AND SUPERVISORS' INTERESTS IN UNDERLYING SHARES OF EQUITY DERIVATIVES

Save as disclosed above, none of the Directors or supervisors was granted any options to subscribe for H shares of the Company during the six months ended 30 June 2006.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 June 2006, the directors or chief executive of the Company are not aware of any other person who have an interest or short position in any share or underlying share of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO were as follows:

| Name | Capacity | Number of domestic shares | Percentage of shareholding |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------------|
| Northwest Group | Beneficial owner | 548,000,000 | 60.22% |
| Jing Ding Investment | Beneficial owner | 120,000,000 | 13.19% |
| Ding Xianguang (<i>Note</i>) | Interest of controlled corporation | 120,000,000 | 13.19% |
| Zhang Jianming (<i>Note</i>) | Interest of controlled corporation | 120,000,000 | 13.19% |

Note: Each of Ding Xianguang and Zhang Jianming is beneficially interested in 40% of the equity interest in Jing Dian Investment, and is deemed to be interested in 120,000,000 domestic shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme. The major terms and conditions of the share option scheme are set out in the section headed "Share option scheme" in Appendix VI to the Prospectus. As at 30 June 2006, no share option has been granted under the share option scheme.

COMPETING INTEREST

None of the Directors and the management shareholders (as defined under the GEM Listing Rules) of the Company had any interest in a business which competes or may compete with the business of the Group.

INTERNAL CONTROL

For the first six months during this year, the Company has complied with the internal control requirements as provided under the Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee on 6 July 2002 with written terms of reference in compliance with Rules 5.23 and 5.24 of GEM Listing Rules. The committee has definite responsibilities and scope of duties. The principal duties of the audit committee are to review the annual reports and accounts, interim reports and quarterly reports of the Company and to provide relevant recommendations and advice to the Board and supervise the financial reporting process and internal control system of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Li Gangjian, Mr. Chen Tao and Mr. Wei Dazhi. Mr. Wei Dazhi is the chairman of the audit committee.

BOARD PRACTICES & PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules during the six months ended 30 June 2006.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of the Company's listed securities during the six months ended 30 June 2006.

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

Xi'an, the People's Republic of China, 8 August 2006

As at the date of this report, the Board comprised:

Executive directors: Mr. Wang Cong, Mr. Wang Feng, Mr. Gao Peng,
and Mr. Yang Xiaohuai

Non-executive directors: Mr. Guo Bin and Ms. Zheng Rongfang

Independent non-executive directors: Mr. Chen Tao and Mr. Wei Dazhi

** For identification purpose only*