



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)

First Quarterly Report
2009

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

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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.

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SUMMARY

- For the three months ended 31 March 2009, a turnover of RMB4,660,000 was recorded, representing a decrease of 68.49% over the corresponding period in the previous year.
- For the three months ended 31 March 2009, a loss of RMB980,000 was recorded.
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2009.

FINANCIAL INFORMATION

UNAUDITED RESULTS

The board of Directors (the “Board”) of Shaanxi Northwest New Technology Industry Company Limited (the “Company”) hereby announces the unaudited results of the Company for the three months ended 31 March 2009 and the unaudited comparative figures for the corresponding period in 2008 as follows:

UNAUDITED INCOME STATEMENT

		For the three months ended 31 March	
	<i>Note</i>	2009	2008
		RMB'000	RMB'000
Turnover	2	4,655	14,786
Cost of sales	2	3,770	(10,372)
Gross (loss)/profit		885	4,414
Distribution costs		(37)	(259)
Administrative expenses		(1,264)	(1,397)
Operating (loss)/profit		(416)	2,758
Finance costs		(563)	(511)
(Loss)/Profit before taxation		(979)	2,247
Taxation	3	-	-
Net (loss)/profit		(979)	2,247
(Loss)/Earnings per share		RMB(0.001)	RMB(0.002)

NOTES TO THE CONDENSED ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and computation methods for preparing these quarterly accounts were consistent with those adopted in the preparation of annual accounts for the year ended 31 December 2008, with the exception of adoption of the Statements of Standard Accounting Practice (SSAP) 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.

2. SEGMENTAL INFORMATION

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

For the three months ended 31 March 2009

	FA-90 RMB'000	Total RMB'000
Turnover	4,655	4,655
Cost of sales	(3,770)	(3,770)
Gross profit	885	885
Distribution costs		(37)
Administrative expenses		(1,264)
Finance costs		(563)
Other operating income		-
Profit before taxation		(979)
Taxation		-
Net profit		(979)

For the three months ended 31 March 2008

	FA-90 and others <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	14,786	14,786
Cost of sales	(10,372)	(10,372)
Gross profit	4,414	4,414
Distribution costs		(259)
Administrative expenses		(1,397)
Finance costs		(511)
Other operating income		-
Profit before taxation		2,247
Taxation		-
Net profit		<u>2,247</u>

3. TAXATION

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

	For the three months ended 31 March	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
PRC (<i>Note</i>)	-	-
	<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. (LOSS)/EARNINGS PER SHARE

	For the three months ended 31 March	
	2009 RMB'000	2008 RMB'000
Net (loss)/profit for the period	<u>(979)</u>	<u>2,247</u>
Weighted average number of ordinary shares used to calculate basic earnings per share	<u>910,000,000</u>	<u>910,000,000</u>
Earnings per share	<u>(0.001)</u>	<u>0.002</u>

Diluted earnings per share is not presented as there were no potential dilutive shares during 2009.

5. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid RMB'000
	Domestic share	H Share	
Ordinary shares of RMB0.1 each			
As at 1 January 2009	680,000,000	230,000,000	91,000
As at 31 March 2009	<u>680,000,000</u>	<u>230,000,000</u>	<u>91,000</u>

6. PLEDGE OF ASSETS

Bank	Loan amount <i>RMB'000</i>	Status of pledges
Bank of Communications	1,500	Pledge over the land use right of the Technology Park of the Company Pledge over the construction project of the Technology Park of the Company
China Merchants Bank	1,500	

7. COMMITMENTS

(a) Capital commitments

	For the three months ended 31 March	
	2009	2008
		Audited
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenses of property, plant and equipment contracted for but not yet provided for in the statements	11,810	12,187

8. DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2009 (for the three months ended 31 March 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2009, the unaudited turnover of the Company was RMB4,660,000, representing a decrease of 68.49% over the corresponding period in the previous year. The unaudited loss for the three months ended 31 March 2009 was RMB980,000, mainly due to the slow down in economic growth, thus caused a reduction in total demand of oil products, and a fall in customers' demand for the Company's products, therefore, there was a decrease in the first quarter results of the Company.

ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES

For the three months ended 31 March 2009 and the corresponding period of the previous year, there was no significant investment or significant acquisition or disposal of subsidiaries or associates.

OTHER INFORMATION

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

As at 31 March 2009, the interests or short positions of the Directors, supervisors and chief executives of the Company in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

INTERESTS IN DOMESTIC SHARES OF THE COMPANY (LONG POSITIONS)

Name	Capacity	Number of domestic shares (shares)	Approximate shareholding percentage in the securities corresponding period	Approximate shareholding percentage in the entire issued share capital of the Company
Wang Cong (Note 1)	Interest of controlled corporation	609,500,000	89.63%	66.98%
Zheng Rongfang	Beneficial owner	2,000,000	0.29%	0.22%
Wang Feng	Beneficial owner	2,000,000	0.29%	0.22%
Zheng Yinglin	Beneficial owner	2,000,000	0.29%	0.22%
Yan Buqiang	Beneficial owner	2,000,000	0.29%	0.22%

INTERESTS IN ASSOCIATED CORPORATIONS (LONG POSITIONS)

Name	Name of associated corporation	Capacity	Number of securities	Approximate shareholding percentage in the entire issued share capital
Wang Cong (Note 2)	Xi'an Tian Cheng Environmental Technology Development Company Limited (西安天成環保科技發展有限公司)	Interest of controlled corporation	13,745,480 ordinary shares	98.18%

Notes:

- The 609,500,000 domestic shares are held by Xi'an Northwest Industry (Group) Company Limited (西安西北實業(集團)有限公司) (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 609,500,000 domestic shares.
- Xi'an Tian Cheng Environmental Technology Development Company Limited (西安天成環保科技發展有限公司) 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 shares in the Company during the three months ended 31 March 2009.

INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, the persons (other than the Director, supervisor or chief executive of the Company) who have an interest or short position in any share or underlying share of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

INTERESTS IN DOMESTIC SHARES OF THE COMPANY (LONG POSITIONS)

Substantial shareholders

Name	Capacity	Number of domestic shares (shares)	Approximate shareholding percentage in the securities in the corresponding period	Approximate shareholding percentage share capital of the share capital of the Company
Northwest Group	Beneficial owner	609,500,000	89.63%	66.98%
Jing Dian Investment	Beneficial owner	58,500,000	8.60%	6.43%
Ding Xianguang (Note)	Interest of controlled corporation	120,000,000	8.60%	6.43%
Zhang Jianming (Note)	Interest of controlled corporation	120,000,000	8.60%	6.43%

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 58,500,000 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 31 March 2009, no share option has been granted under the share option scheme.

COMPETING INTEREST

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

AUDIT COMMITTEE

The Company has established an audit committee on 6 July 2002 with written terms of reference stipulating the committee's authority and duties in compliance with Rules 5.23 and 5.24 of the GEM Listing Rules. The principal duties of the audit committee are to review the annual reports and accounts, interim reports and quarterly reports of the Company, to provide recommendations and advice to the Board and to supervise the financial reporting process and internal control system of the Company. The audit committee comprises two independent non-executive Directors, namely Mr. Li Gangjian and Mr. Wei Dazhi and one non-executive Director, namely Ms. Zheng Rongfang. Mr. Li Gangjian is the chairman of the audit committee.

The unaudited first quarterly accounts for the three months ended 31 March 2009 have been reviewed by the audit committee.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practice (the "Code") as set out in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2009 subject to the deviation disclosed hereof.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the removal of Mr. Wang Zheng from the post of president of the Company in June 2006, Mr. Wang Cong held the offices of Chairman and president of the Company since then. The Board is in the process of identifying a suitable candidate to fill the role of president.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS

Since the listing of the Company on GEM on 3 July 2003, the Company had adopted a code of conduct regarding the securities transactions by Directors on terms no less exacting than the required standard of dealings. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 31 March 2009.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of its listed securities during the three months ended 31 March 2009.

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

Xi'an, the People's Republic of China, 15 May 2009

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

Executive directors:	Mr. Wang Cong, Mr. Gao Peng, Mr. Yang Xiaohuai and Mr. Wang Feng
Non-executive directors:	Mr. Guo Bin and Ms. Zheng Rongfang
Independent non-executive directors:	Mr. Li Gangjian, Mr. Chen Tao and Mr. Wei Dazhi

* *For identification purpose only*