



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*  
**2012**

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

The Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.

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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 issuers.

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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 of Hong Kong Limited 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 2012, a turnover of RMB8,548,900 was recorded, representing an increase of 18.64% over that of RMB7,205,600 for the corresponding period in the previous year.
- For the three months ended 31 March 2012, a profit of approximately RMB-712,000 was recorded.
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2012.

# 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 2012 and the unaudited comparative figures for the corresponding period in 2011 as follows:

### UNAUDITED INCOME STATEMENT

*For the three months ended 31 March 2012*

		For the three months ended 31 March	
		2012	2011
	Note	RMB'000	RMB'000
Turnover	2	<b>8,549</b>	7,206
Cost of sales	2	<b>(6,830)</b>	(6,473)
(Gross loss)/gross profit		<b>1,719</b>	733
Distribution costs		<b>(410)</b>	(195)
Administrative expenses		<b>(2,054)</b>	(1,996)
Operating (loss)/profit		<b>(745)</b>	(1,458)
Finance costs		<b>33</b>	25
Other revenue			
(Loss)/profit before taxation		<b>(712)</b>	(1,433)
Taxation	3	<b>-</b>	-
Net (loss)/profit		<b>(712)</b>	(1,433)
(Loss)/earnings per share	4	<b>RMB(0.001)</b>	RMB(0.001)

## 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 2011, 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 pro fit. 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 2012

	<b>FA-90</b> <b>RMB'000</b>	<b>Thiol products</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
Turnover	5,963	2,586	8,549
Cost of sales	<u>(4,685)</u>	<u>(2,145)</u>	<u>(6,830)</u>
Gross profit	1,278	441	1,719
Distribution costs			(410)
Administrative expenses			(2,054)
Finance costs			33
Other operating income			<u>0</u>
Profit before taxation			(712)
Taxation			<u>0</u>
Net profit			<u><u>(712)</u></u>

For the three months ended 31 March 2011

	FA-90 <i>RMB'000</i>	Thiol products <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	4,387	2,819	7,206
Cost of sales	<u>(3,958)</u>	<u>(2,515)</u>	<u>(6,473)</u>
Gross profit	429	304	733
Distribution costs			(195)
Administrative expenses			(1,996)
Finance costs			25
Other operating income			<u>0</u>
Profit before taxation			(1,433)
Taxation			<u>0</u>
Net profit			<u><u>(1,433)</u></u>

### 3. TAXATION

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

	<b>For the three months ended 31 March</b>	
	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
PRC ( <i>Note</i> )	<u><u>0</u></u>	<u><u>0</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	
	2012 RMB'000	2011 RMB'000
Net (loss)/profit for the period	<u>(712)</u>	<u>(1,433)</u>
	<i>RMB</i>	<i>RMB</i>
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>(0.001)</u>

Diluted earnings per share is not presented as there were no potential dilutive shares during 2012 and 2011.

#### 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 2012	680,000,000	230,000,000	91,000
As at 31 March 2012	<u>680,000,000</u>	<u>230,000,000</u>	<u>91,000</u>



## 6. PLEDGE OF ASSETS

<b>Bank</b>	<b>Loan amount</b> <i>RMB'000</i>	<b>Status of pledges</b>
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Nil

## 7. COMMITMENTS

Capital commitments

**For the three months  
ended 31 March**

<b>2012</b>	2011 Audited
<b><i>RMB'000</i></b>	<i>RMB'000</i>

Capital expenses of property, plant and equipment  
contracted for but not yet provided for  
in the statements

**0**

**0**

## 8. DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2012 (For the three months ended 31 March 2011: Nil).

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **FINANCIAL REVIEW**

For the three months ended 31 March 2012, the unaudited turnover of the Company was RMB8,548,900, representing an increase of 18.64% over that of RMB7,205,600 for the corresponding period in the previous year. The unaudited profit for the three months ended 31 March 2012 was RMB -712,000.

## **ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES**

For the three months ended 31 March 2012, The Company is preceding an acquisition of a company which operates distribution business of natural gas in Shaanxi Province (the "Project"). The Project is currently in the process as scheduled. There was no proposal in disposal of subsidiaries and associates.

## **OTHER INFORMATION**

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

As at 31 March 2012, the interests or short positions of the Directors, chief executives and supervisors 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)	Approximately shareholding percentage in securities during the same period	Approximately 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%
Zeng Yinglin	Beneficial owner	2,000,000	0.29%	0.22%
Yan Buqiang	Beneficial owner	2,000,000	0.29%	0.22%
Wang Zheng	Beneficial owner	2,000,000	0.29%	0.22%
Guo Quibao	Beneficial owner	2,000,000	0.29%	0.22%

*Note:*

- The 609,500,000 domestic shares are held by Xi'an Northwest Industry (Group) Company Limited (西安西北實業(集團)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.

## 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 2012.

## INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2012, 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)	Approximately shareholding percentage in securities during the same period	Approximately shareholding percentage in the entire issued 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	58,500,000	8.60%	6.43%
Zhang Jianming (Note)	Interest of controlled corporation	58,500,000	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. On November 22, 2011, the Company entered into a share option agreement to make a conditional placing of 46,000,000 new H shares to JL Investment Capital Limited, a company incorporated in the British Virgin Islands. The Share Option Scheme and the Notice was published in the website of the Stock Exchange on November 23, 2011. At present, the share option agreement has not yet implemented in practice.

## **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.

## **AUDIT COMMITTEE**

The Company has established an audit committee on 6 July 2002 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 two independent non-executive Directors, namely Mr. Li Gangjian and Mr. Chen Tao and one non-executive Director, namely Mr. Gao Peng. Mr. Li Gangjian is the chairman of the audit committee.

The unaudited results for the three months ended 31 March 2012 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 2012 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 2012.

# REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of the Company's listed securities during the three months ended 31 March 2012.

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

Xi'an, the People's Republic of China, 10 May 2012

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

Executive directors: Mr. Wang Cong, Mr. Wang Feng, Mr. Zeng Yinglin,  
Mr. Yang Xiaohuai and Ms. Tian Lingling

Non-executive directors: Mr. Gao Peng

Independent non-executive directors: Mr. Li Gangjian, Mr. Chen Tao, Mr. Zhao Boxiang