



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)

Third Quarterly Report
2016

* For identification purposes only

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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 nine months ended 30 September 2016, a turnover of RMB24.60 million was recorded for core business, representing a decrease of 23% from the corresponding period in the previous year.
- For the nine months ended 30 September 2016, a profit of approximately RMB5.01 million was recorded, of which RMB5.01 million was generated from core business.
- The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2016.

FINANCIAL INFORMATION

UNAUDITED 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 three months and nine months ended 30 September 2016 and the unaudited comparative figures for the corresponding period in 2015 as follows:

UNAUDITED INCOME STATEMENT

For the three months and nine months ended 30 September 2016

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Turnover	2	8,053	9,842	24,598	31,773
Cost of Sales	2	(5,186)	(5,596)	15,933	(19,336)
(Gross loss)/gross profit		2,867	4,246	8,665	12,437
Distribution costs		(382)	(502)	(940)	(1,656)
Administrative expenses		(448)	(612)	(1,764)	(2,229)
Operating (loss)/profit		2,037	3,132	5,961	8,552
Finance costs		13	18	38	50
(Loss)/Profit before taxation		2,050	3,150	5,999	8,602
Other income					
Taxation	3	(312)	(551)	(986)	(1,514)
Net (loss)/profit		1,738	2,599	5,013	7,088
(Loss)/earnings per share	4	RMB0.002	RMB0.003	RMB0.005	RMB0.008

NOTES TO THE CONDENSED ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this Quarterly Accounts are consistent with those used in the annual accounts for the year ended 31 December 2015, 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 nine months ended 30 September 2016

	Mercaptoacetic acid isooctyl RMB'000	FA-90 RMB'000	Total RMB'000
Turnover	8,909	15,689	24,598
Cost of sales	5,126	10,807	(15,933)
Gross profit			8,665
Distribution costs			(940)
Administrative expenses			(1,764)
Finance costs			38
Other operating income			-
Profit before taxation			5,999
Taxation			(986)
Net profit			5,013

For the nine months ended 30 September 2015

	Mercaptoacetic acid isooctyl RMB'000	FA-90 RMB'000	Total RMB'000
Turnover	13,110	18,663	31,773
Cost of sales	<u>(7,066)</u>	<u>(12,270)</u>	<u>(19,336)</u>
Gross profit	6,044	6,393	12,437
Distribution costs			(1,656)
Administrative expenses			(2,229)
Finance costs			50
Other operating income			<u>-</u>
Profit before taxation			8,602
Taxation			<u>(1,514)</u>
Net profit			<u><u>7,088</u></u>

3. TAXATION

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

	For the nine months ended 30 September	
	2016	2015
	RMB'000	RMB'000
PRC (note)	<u>986</u>	<u>1,514</u>

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

4. (LOSS)/EARNINGS PER SHARE

	For the nine months ended 30 September	
	2016	2015
	RMB'000	RMB'000
Net (loss)/profit for the period	<u>5,013</u>	<u>7,088</u>
	RMB	RMB
Weighted average number of ordinary shares used to calculate basic earnings per share	<u>956,000,000</u>	<u>910,000,000</u>
Earnings per share	<u>0.005</u>	<u>0.008</u>

Diluted earnings per share are not presented as there were no potential dilutive shares during 2015 and 2014.

5. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid RMB'000
	Domestic shares	H shares	
Ordinary shares of nominal value of RMB0.1 each			
As at 1 January 2016	680,000,000	276,000,000	95,600
As at 30 September 2016	<u>680,000,000</u>	<u>276,000,000</u>	<u>95,600</u>

6. PLEDGE OF ASSETS

Nil

7. COMMITMENTS

Capital commitments

	For the nine months ended 30 September	
	2016 RMB'000	2015 RMB'000 (audited)
Capital expenditure of property, plant and equipment contracted for but not yet provided for in the statements	<u>-</u>	<u>-</u>

8. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2016 (for the nine months ended 30 September 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30 September 2016, the unaudited turnover of the Company generated from core business was RMB24.60 million, representing a decrease of 23% from the corresponding period in the previous year, and its non-operating revenue was nil. The unaudited profit for the nine months ended 30 September 2016 generated from core business was RMB5.01 million, and its non-operating profit was nil.

ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES

During the nine months ended 30 September 2016, on 27 June 2016, the Company entered into an agreement with Mr. Wang Zhen (the “Vendor”), pursuant to which the Company agreed to purchase 30% of the shares of Northwest Securities Investment Management Company Limited in issue held by Mr. Wang Zhen at a consideration of approximately HK\$13,200,000. The consideration will be satisfied by the Company by way of allotment and issue of 55,000,000 H Shares to the Vendor at the issue price of HK\$0.24 per H Share upon Completion. As at the date hereof, the approval has been obtained from the China Securities Regulatory Commission for the issue of the consideration shares, and the approval has been obtained from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the consideration shares. Currently the issue of the consideration shares is in the process. For further details, please refer to the announcement “Discloseable Transaction” dated 27 June 2016 as published by the Company on the website of the Stock Exchange.

During the nine months ended 30 September 2016, the Company had no material asset disposal.

OTHER INFORMATION

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

As at 30 September 2016, 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 position)

Name	Capacity	Number of domestic shares (shares)	Approximate shareholding percentage in the securities during the same 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%	63.76%
Zheng Rongfang	Beneficial Owner	2,000,000	0.29%	0.21%
Wang Feng	Beneficial Owner	2,000,000	0.29%	0.21%
Zeng Yinglin	Beneficial Owner	2,000,000	0.29%	0.21%
Yan Buqiang	Beneficial Owner	2,000,000	0.29%	0.21%
Guo Qiubao	Beneficial Owner	2,000,000	0.29%	0.21%
Wang Zheng	Beneficial Owner	2,000,000	0.29%	0.21%

Note:

1. 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) (“Northwest Group”), which is beneficially owned as to 98% by Wang Cong. Wang Cong is deemed to be interested in the 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 nine months ended 30 September 2016.

INTERESTS DISCLOSURE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, the persons (other than Directors, supervisors or chief executives of the Company) who had 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 during the same period	Approximate shareholding percentage in the entire issued share capital of the Company
Northwest Group	Beneficial Owner	609,500,000	89.63%	63.76%
Jing Dian Investment	Beneficial Owner	58,500,000	8.6%	6.11%
Ding Xianguang (Note)	Interest of controlled corporation	58,500,000	8.6%	6.11%
Zhang Jianming (Note)	Interest of controlled corporation	58,500,000	8.6%	6.11%

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

There was no plan to grant share options from the Company as at the date of this report.

COMPETING INTERESTS

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 in compliance with Rules 5.23 and 5.24 of the 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. Zhao Boxiang and Prof. Zhao Xiaoning. Mr. Li Gangjian is the chairman of the audit committee.

The unaudited results for the nine months ended 30 September 2016 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 nine months ended 30 September 2016 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 has been holding the office of Chairman and president of the Company since then. The Board is in the process of identifying suitable candidates for the president.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS

Since the listing of the Company on GEM on 3 July 2003, the Company has 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 has 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 nine months ended 30 September 2016.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of its listed securities during the nine months ended 30 September 2016.

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

Xi'an, the People's Republic of China, 14 November 2016

As at the date of this report, 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 report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) 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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