



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  
2017

## **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.**

**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 of the Stock Exchange 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 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 (the “GEM Listing Rules”) 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 2017, a turnover of RMB6,007,900 was recorded, representing a decrease of 13% over that of RMB6,914,200 for the corresponding period in the previous year.
- For the three months ended 31 March 2017, a profit of approximately RMB1,025,800 was recorded.
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2017.

# 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 2017 and the unaudited comparative figures for the corresponding period in 2016 as follows:

### UNAUDITED INCOME STATEMENT

*For the three months ended 31 March 2017*

		For the three months ended 31 March	
	Notes	2017 RMB'000	2016 RMB'000
Turnover	2	<b>6,008</b>	6,914
Cost of Sales	2	<b>(4,148)</b>	(4,432)
(Gross loss)/gross profit		<b>1,860</b>	2,482
Distribution costs		<b>(71)</b>	(94)
Administrative expenses		<b>(532)</b>	(734)
Operating (loss)/profit		<b>1,257</b>	1,654
Finance costs		<b>12</b>	10
Other incomes			
(Loss)/Profit before taxation		<b>1,269</b>	1,664
Taxation	3	<b>(243)</b>	(301)
Net (loss)/profit		<b>1,026</b>	1,363
(Loss)/earnings per share	4	<b>RMB0.0010</b>	RMB0.0014

## 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 2016, 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 un-provided 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 2017

	FA-90 RMB'000	Mercaptoacetic Acid Isooctyl RMB'000	Total RMB'000
Turnover	3,989	2,019	6,008
Cost of sales	<u>(2,883)</u>	<u>(1,265)</u>	<u>(4,148)</u>
Gross profit	1,106	754	1,860
Distribution costs			(71)
Administrative expenses			(532)
Finance costs			12
Other operating income			<u>-</u>
Profit before taxation			1,269
Taxation			<u>(243)</u>
Net profit			<u><u>1,026</u></u>

For the three months ended 31 March 2016

	FA-90 RMB'000	Mercaptoacetic Acid Isooctyl RMB'000	Total RMB'000
Turnover	4,587	2,327	6,914
Cost of sales	<u>(3,080)</u>	<u>(1,352)</u>	<u>(4,432)</u>
Gross profit	1,507	975	2,482
Distribution costs			(94)
Administrative expenses			(734)
Finance costs			10
Other operating income			<u>—</u>
Profit before taxation			1,664
Taxation			<u>(301)</u>
Net profit			<u><u>1,363</u></u>

### 3. TAXATION

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

	For the three months ended 31 March	
	2017 RMB'000	2016 RMB'000
PRC (note)	<u>243</u>	<u>301</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	
	2017 RMB'000	2016 RMB'000
Net (loss)/profit for the period	<u>1,026</u>	<u>1363</u>
Weighted average number of ordinary shares used to calculate basic earnings per share	<u>1,011,000,000</u>	<u>956,000,000</u>
Earnings per share	<u>0.0010</u>	<u>0.0014</u>

Diluted earnings per share is not presented as there were no potential dilutive shares during 2017 and 2016.

## 5. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid RMB'000
	Domestic share	H share	
Ordinary shares of nominal value of RMB0.1 each			
As at 1 January 2017	680,000,000	331,000,000	101,100
As at 31 March 2017	<u>680,000,000</u>	<u>331,000,000</u>	<u>101,100</u>

## 6. PLEDGE OF ASSETS

	Bank	Loan amount	Status of pledges
		RMB'000	
Nil	<u>-</u>	<u>-</u>	<u>-</u>

## 7. COMMITMENTS

### Capital commitments

	For the three months ended 31 March	
	2017 RMB'000	2016 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 three months ended 31 March 2017 (For the three months ended 31 March 2016: Nil).



# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **FINANCIAL REVIEW**

For the three months ended 31 March 2017, an unaudited turnover of RMB6,007,900 was recorded, representing a decrease of 13% over that of RMB6,914,200 for the corresponding period in the previous year. For the three months ended 31 March 2017, an unaudited profit of RMB1,025,800 was recorded.

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

As at 31 March 2017, the Company had no substantial investment or acquisition or disposal.

## OTHER INFORMATION

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

As at 31 March 2017, 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 the domestic shares (shares)	Approximate shareholding percentage in 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%	60.29%
Wang Feng	Beneficial Owner	2,000,000	0.29%	0.20%
Zeng Yinglin	Beneficial Owner	2,000,000	0.29%	0.20%
Zheng Rongfang	Beneficial Owner	2,000,000	0.29%	0.20%
Guo Qiubao	Beneficial Owner	2,000,000	0.29%	0.20%
Wang Zheng	Beneficial Owner	2,000,000	0.29%	0.20%
Yan Buqiang	Beneficial Owner	2,000,000	0.29%	0.20%

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 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 2017.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, 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 securities during the same period	Approximate shareholdings percentage in the entire share capital of the Company
Northwest Group	Beneficial Owner	609,500,000	89.63%	60.29%
Xi'an Jing Dian Investment Company Limited ("Jing Dian Investment")	Beneficial Owner	58,500,000	8.60%	5.77%
Ding Xianguang (Note)	Interest of controlled corporation	58,500,000	8.60%	5.77%
Zhang Jianming (Note)	Interest of controlled corporation	58,500,000	8.60%	5.77%

Note: Each of Ding Xianguang and Zhang Jianming was beneficially interested in 40% of the equity interest in Jing Dian Investment, and was deemed to be interested in 58,500,000 domestic shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## INTERESTS IN H SHARES OF THE COMPANY (LONG POSITIONS)

Name	Capacity	Number of H shares	Approximate shareholding percentage in total issued H shares	Approximate shareholdings percentage in the entire share capital of the Company
Wang Zhen	Beneficial Owner	55,000,000	16.61%	5.44%

## COMPETING INTERESTS

During the three months ended 31 March 2017, none of the Directors, supervisors of the Company and their respective connected persons (as defined under the GEM Listing Rules) had any interest in businesses which compete or may compete with the business of the Company.

## AUDIT COMMITTEE

The Company has established an audit committee and formulated its written terms of reference on 6 July 2002 in compliance with Rules 5.28 of the GEM Listing Rules. The existing chairman of the audit committee is Mr. Li Gangjian, who is also an independent non-executive Director. Mr. Zhao Boxiang and Ms. Zhao Xiaoning are members of the audit committee, both of them are independent non-executive Directors.

The Audit Committee is responsible for reviewing the accounting policies and practice adopted by the Group, reviewing and discussing financial reporting, internal control and audit matters, performing other functions delegated by the Board, reporting to the Board after holding meetings on the foregoing matters and the meeting results, and advising the Board on dealing with operation risk. The unaudited results for the three months ended 31 March 2017 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 Corporate Governance Code (the "Code") as set out in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2017, except the deviation disclosed below.

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 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 three months ended 31 March 2017.

## **REPURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the three months ended 31 March 2017.

By order of the Board

**Shaanxi Northwest New Technology Industry Company Limited**

**Wang Cong**

*Chairman*

Xi'an, the People's Republic of China, 12 May 2017

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

*Executive Directors:*

Mr. Wang Cong, Mr. Wang Feng, Mr. Feng Tuo, Ms. Tian Lingling

*Non-executive director:*

Mr. Wang Zhe

*Independent non-executive Directors:*

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

*This report will remain on the "Latest Company Announcements" page on the GEM website for at least 7 days from the day of its posting.*