



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)

SECOND QUARTER RESULTS ANNOUNCEMENT
(FOR THE SIX MONTHS ENDED 30 JUNE 2019)

CHARACTERISTICS OF GEM (“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.

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The Stock Exchange takes no responsibility for the contents of this announcement, 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 announcement.

This announcement, 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

SUMMARY

- For the six months ended 30 June 2019, the turnover was RMB17,875,000, representing an increase of 10.4% over that of RMB16,192,000 for the corresponding period in the previous year.
- For the six months ended 30 June 2019, the profit was RMB3,612,000, representing an increase of 7.8% over that for the corresponding period in the previous year.
- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2019.

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 six months ended 30 June 2019 and the unaudited comparative figures for the corresponding period in 2018 as follows:

UNAUDITED INCOME STATEMENT

For the six months ended 30 June 2019

		For the three months ended 30 June		For the six months ended 30 June	
		2019	2018	2019	2018
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	2	10,634	9,521	17,875	16,192
Cost of sales		(7,001)	(6,320)	(11,915)	(10,824)
Gross profit		3,633	3,201	5,960	5,368
Other Profit		–	–	487	–
Distribution costs		(533)	(524)	(854)	(992)
Administrative expenses		(469)	(565)	(1,250)	(1,161)
Operating profit		2,631	2,112	4,343	3,215
Finance costs		39	450	58	835
Other incomes		–	–	–	–
Profit before taxation		2,670	2,562	4,401	4,050
Taxation	3	(466)	(435)	(789)	(700)
Net earnings (loss)		2,204	2,127	3,612	3,350
Dividend		–	–	–	–
Earnings per share	5	RMB0.0017	RMB0.0019	RMB0.0028	RMB0.0029

BALANCE SHEET

		Unaudited	Audited
		30 June	31 December
		2019	2018
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		10,512	10,538
Available-for-sale financial assets		15,996	15,996
Land lease premium		5,988	5,988
		32,496	32,522
Current assets			
Inventories		695	489
Trade and other receivables and prepayments	6	74,197	99,960
Land lease premium		210	210
Amounts due from fellow subsidiaries			
Bank balance – restricted		–	–
Bank balances and cash		63,793	40,741
		138,895	141,400
Current liabilities			
Trade and other payables	7	410	410
Amount due to the ultimate holding company		3,096	3,096
Tax payables		1,276	5,421
Accrued expenses and other payables		6,514	11,630
		11,296	20,557
Net current assets (liabilities)		127,599	120,843
Net assets		160,095	153,365
Capital and reserves			
Share capital		130,500	114,700
Reserves		29,595	38,665
		160,095	153,365

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019

	Unaudited	
	For the six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	23,052	37,082
Net cash used in investing activities	–	–
Net cash for financing	–	–
Increase/(decrease) in bank balances and cash	23,052	37,082
Bank balances and cash on 1 January	40,741	43,622
Bank balances and cash on 30 June	63,793	80,704

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 2018, 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 as at 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 period are analyzed by business segments as follows:

For the six months ended 30 June 2019

	FA-90 <i>RMB'000</i>	Thiol <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	10,683	7,192	17,875
Cost of sales	(7,500)	(4,415)	(11,915)
Gross profit	3,183	2,777	5,960
Distribution costs			(854)
Administrative expenses			(1,250)
Finance costs			58
Other operating income			487
Profit before taxation			4,401
Taxation			(789)
Net profit			3,612

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	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
PRC (note)	<u>466</u>	<u>435</u>	<u>789</u>	<u>700</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 Directors do not recommend the payment of interim dividend for the period (In 2018: Nil).

5. EARNINGS PER SHARE

The earnings per share for the three months and six months ended 30 June 2019 are RMB0.0017 and RMB0.0028 per share respectively.

Calculations are based on the total share capital of 1,305,000,000 shares.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade receivables	38,543	28,575
Other receivables	<u>1,654</u>	<u>1,611</u>
	<u>40,197</u>	<u>30,186</u>

7. TRADE PAYABLES AND OTHER PAYABLES

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Trade payables	410	410
Other payables	11,755	11,630
Amounts due to ultimate holding company	<u>3,096</u>	<u>3,096</u>
	<u>15,261</u>	<u>15,136</u>

8. SHARE CAPITAL

	As at 30 June 2019		As at 31 December 2018	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
Authorised ordinary shares of nominal value of RMB0.1 each	1,305,000,000	130,500	1,147,000,000	114,700
Issued and fully paid at the end of the period	<u>1,305,000,000</u>	<u>130,500</u>	<u>1,147,000,000</u>	<u>114,700</u>

9. PLEDGE OF ASSETS

Nil

10. COMMITMENTS

(a) Capital commitments

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000
Capital expenditure of property, plant and equipment		
– Authorised but not contracted for	–	–
– Contracted for but not yet provided for in the statements	–	–
	<u>–</u>	<u>–</u>

11. SUBSEQUENT EVENTS

Taxation

Taxes in respect of profit derived in the PRC are provided at the applicable rate in the PRC (15%) on the estimated assessable profit for the period. There is no material deferred tax 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 2019 (For the six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2019, the unaudited turnover of the Company was RMB17,875,000, representing an increase of 10.4% over that for the corresponding period of the previous year. The unaudited profit for the six months ended 30 June 2019 was RMB3,612,000, representing an increase of 7.8% over that for the corresponding period of the previous year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2019, the shareholders' equity of the Company was approximately RMB160,095,000 (31 December 2018: RMB153,365,000); cash and bank balance denominated in Renminbi were approximately RMB63,793,000 (31 December 2018: RMB40,741,000); current assets were approximately RMB138,895,000 (31 December 2018: RMB141,400,000); and current liabilities were approximately RMB11,296,000 (31 December 2018: RMB20,557,000).

ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES

As at 30 June 2019, the Company had no substantial investment, acquisition or disposals.

CAPITAL COMMITMENTS

Disclosed in Note 10 to the condensed interim results.

GEARING RATIO

The gearing ratio of the Company as at 30 June 2019 (calculated as the ratio of total loans to net assets) was 0% (31 December 2018: 0%).

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 settled in Renminbi.

CONTINGENT LIABILITY

As at 30 June 2019, the Company had no significant contingent liabilities.

BUSINESS DEVELOPMENT

As at 30 June 2019, the Company concentrated its effort on the sales of FA-90 and thiol products with sales revenue of RMB10,683,000 and RMB7,192,000 respectively, representing an increase of approximately 10.4% as compared with that for the corresponding period of 2018. As the Company's existing businesses were unable to fulfill the requirement for its development, the management has been paying close attention to explore new business fields which may become new drivers for its business growth, and strive for a sustainable business growth for the Company in the future.

OTHER INFORMATION

INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS IN SHARES

As at 30 June 2019, 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 Model Code for securities transactions by directors of listed issuers 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 securities during the same period	Approximate shareholding percentage in the entire issued share capital of the Company
Wang Cong (<i>Note 1</i>)	Interest of controlled corporation	609,500,000	62.58%	46.71%
Wang Feng	Beneficially owned	2,000,000	0.205%	0.15%
Zeng Yinglin	Beneficially owned	2,000,000	0.205%	0.15%
Zheng Rongfang	Beneficially owned	2,000,000	0.205%	0.15%
Guo Qiubao	Beneficially owned	2,000,000	0.205%	0.15%
Wang Zheng	Beneficially owned	2,000,000	0.205%	0.15%
Yan Buqiang	Beneficially owned	2,000,000	0.205%	0.15%
Ding Meihua	Beneficially owned	76,280,000	7.83%	5.85%
Zhang Gangming	Beneficially owned	81,720,000	8.39%	6.26%

Note:

1. The 609,500,000 domestic shares were 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 was deemed to be interested in such 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 six months ended 30 June 2019.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2019, the persons (other than the 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 shareholding percentage in the entire issued share capital of the Company
Northwest Group	Beneficially owned	609,500,000	62.58%	46.71%
Xi'an Heyue Property Management Limited	Beneficially owned	136,000,000	13.96%	10.42%
Shaanxi Jing Dian Investment Company Limited ("Jing Dian Investment")	Beneficially owned	58,500,000	6.0%	4.5%
Ding Xianguang (<i>Note</i>)	Interest of controlled corporation	58,500,000	6.0%	4.5%
Zhang Jianming (<i>Note</i>)	Interest of controlled corporation	58,500,000	6.0%	4.5%

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 all H shares in issue	Approximate shareholding percentage in the entire issued share capital of the Company
Wang Zhen	Beneficially owned	55,000,000	16.61%	4.2%

SHARE OPTION SCHEME

The major terms and conditions of the share option scheme, which has been conditionally adopted by the Company, are set out in the section headed “Share Option Scheme” in Appendix VI to the prospectus of the Company dated 23 June 2003. There was no plan to grant share options as of the date of this report.

COMPETING INTEREST

During the year ended 31 December 2018, 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 Rule 5.28 of the GEM Listing Rules. The Audit Committee comprises three members, each an independent non-executive Director. Mr. Li Gangjian is the chairman of the Audit Committee, and Mr. Zhao Boxiang and Ms. Zhao Xiaoning are members of the Audit Committee.

The Audit Committee is responsible for reviewing the accounting policies and practices 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 concerning the foregoing matters on the meeting results, its advices and the operating risk of the Group. The unaudited financial results of the Group for the six months ended 30 June 2019 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 to the GEM Listing Rules throughout the six months ended 30 June 2019, except for 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 has been holding the offices of Chairman and president of the Company. 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 in the Model Code. The Company has also made specific enquiry of all Directors and is not aware of any non-compliance with the required standards in the Model Code and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2019.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not repurchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2019.

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

Xi'an, the People's Republic of China, 14 August 2019

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

Executive directors:

Mr. Wang Cong, Mr. Wang Feng, Mr. Zhou Jian and Ms. Tian Lingling

Non-executive director:

Ms. Shi Dandan

Independent non-executive Directors:

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

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