



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)

**UNAUDITED FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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KONG LIMITED (THE “STOCK EXCHANGE”)**

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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.

SUMMARY

- For the year ended 31 December 2019, the turnover was RMB39,130,000, representing an increase of approximately 3.9% over that of RMB37,660,000 for the corresponding period in the previous year.
- For the year ended 31 December 2019, the profit was RMB10,249,000, representing a decrease of approximately 9.5% over that for the corresponding period in the previous year.
- The Directors do not recommend the payment of any dividend for the year ended 31 December 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 year ended 31 December 2019 together with the audited comparative figures for 2018 as follows:

INCOME STATEMENT

For the year ended 31 December 2019

		For the year ended 31 December	
		2019	2018
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Turnover	2	39,133	37,660
Cost of sales		<u>(26,588)</u>	<u>(25,821)</u>
Gross profit		12,545	11,839
Other profit		4,736	7,360
Distribution costs		(1,999)	(1,809)
Administrative expenses		<u>(3,134)</u>	<u>(4,674)</u>
Operating profit		12,148	12,716
Finance costs		<u>0</u>	<u>0</u>
Other incomes		–	–
Profit before taxation		<u>12,148</u>	<u>12,716</u>
Taxation	3	<u>(1,898)</u>	<u>(1,385)</u>
Net profit (loss)		<u>10,249</u>	<u>11,331</u>
Dividend		<u>–</u>	<u>–</u>
Earnings per share	5	<u>RMB0.0079</u>	<u>RMB0.010</u>

BALANCE SHEET

		31 December 2019	31 December 2018
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		10,108	10,538
Available-for-sale financial assets		15,996	15,996
Land lease premium		5,988	5,988
		32,092	32,522
Current assets			
Inventories		6,922	489
Trade and other receivables and prepayments	6	108,965	99,960
Land lease premium		210	210
Amounts due from fellow subsidiaries		–	–
Bank balance – restricted		–	–
Bank balances and cash		36,723	40,741
		152,820	141,400
Current liabilities			
Trade and other payables	7	546	410
Amount due to the ultimate holding company		3,096	3,096
Tax payables		241	5,421
Accrued expenses and other payables		12,798	11,630
		16,681	20,557
Net current assets (liabilities)		136,139	120,843
Net assets		168,231	153,365
Capital and reserves			
Share capital		130,500	114,700
Reserves		37,731	38,665
		168,231	153,365

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Net cash used in operating activities	(4,018)	22,768
Net cash used in investing activities	–	52,015
Net cash for financing	–	26,366
Increase/(decrease) in bank balances and cash	(4,018)	2,881
Bank balances and cash on 1 January	40,741	43,622
Bank balances and cash on 31 December	<u>36,723</u>	<u>40,741</u>

NOTES TO THE CONDENSED FINAL ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this annual 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 year ended 31 December 2019 (Unaudited)

	FA-90 <i>RMB'000</i>	Thiol <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	22,685	16,448	39,133
Cost of sales	16,305	10,283	26,588
Gross profit	6,388	6,165	12,545
Distribution costs			(1,999)
Administrative expenses			(3,239)
Finance costs			105
Other operating income			4,736
Profit before taxation			12,148
Taxation			1,898
Net profit			10,249

3. TAXATION

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

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
PRC (<i>Note</i>)	1,914	1,385

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. DIVIDEND

The Directors do not recommend the payment of dividend for the year (In 2018: Nil).

5. EARNINGS PER SHARE

The earnings per share for the year ended 31 December 2019 were RMB0.0079 per share.

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

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at	As at
	31 December	31 December
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	21,122	28,575
Prepayments and other receivables	8,843	71,385
	108,965	99,960

7. TRADE PAYABLES AND OTHER PAYABLES

	As at 31 December 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Trade payables	546	410
Other payables	12,798	11,630
Amounts due to the ultimate holding company	3,096	3,096
	<u>16,440</u>	<u>15,136</u>

8. SHARE CAPITAL

	As at 31 December 2019		As at 31 December 2018	
	<i>Number of shares</i> (Unaudited)	<i>RMB'000</i>	<i>Number of shares</i> (Audited)	<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 31 December 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
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 periods or on the respective balance sheet dates.

Dividend

The Directors do not recommend the payment of any dividend for the 12 months ended 31 December 2019 (For the 12 months ended 31 December 2018: Nil).

12. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

12.1 Best Rich (H.K.) Investment Limited

Registered address: 18/F Tung Sun Commercial Centre, 194-200 Lockhart Road, Wanchai, Hong Kong

Issued share capital: 100,000,000 shares, 10% of which, being 10,000,000 shares are held by the Company;
Major country and region where it operates are the Hong Kong Special Administrative Region and Mainland China.

12.2 Northwest Securities Investment Management Company Limited

Registered address: 2/F Hongkong Offshore Centre, No. 28 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong

Issued share capital: 10,000,000 shares, 30% of which, being 3,000,000 shares are held by the Company;
Major country and region where it operates are the Hong Kong Special Administrative Region and Mainland China.

12.3 Shaanxi Ruijian Electronic Commerce Co., Ltd. (陝西睿健電子商務有限公司)

Registered address: No. 9 West Longshou North Road, Lianhu District, Xi'an City, China

Issued share capital: 30,000,000 shares, 29% of which, being 8,700,000 shares are held by the Company;
Major country and region where it operates are Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2019, the unaudited turnover of the Company was RMB391,330,000, representing an increase of 3.9% over that for the corresponding period of the previous year. The unaudited profit for the year ended 31 December 2019 was RMB102,490,000, representing a decrease of 9.5% over that for the corresponding period of the previous year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2019, the unaudited shareholders' equity of the Company was approximately RMB168,231,000 (Audited as at 31 December 2018: RMB153,365,000); unaudited cash and bank balance denominated in Renminbi were approximately RMB36,723,000 (Audited as at 31 December 2018: RMB40,741,000); unaudited current assets were approximately RMB152,820,000 (Audited as at 31 December 2018: RMB141,400,000); and unaudited current liabilities were approximately RMB16,681,000 (Audited as at 31 December 2018: RMB20,557,000).

SUBSTANTIAL INVESTMENTS AND ACQUISITION AND DISPOSAL OF SUBSIDIARIES

In February 2019, the Company issued a total of 158,000,000 domestic shares to Ding Meihua and Zhang Gangming, in exchange for the acquisition of 29% equity interests held by them in Shaanxi Ruijian Electronic Commerce Co., Ltd..

CAPITAL COMMITMENTS

Disclosed in Note 10 to the condensed final results.

GEARING RATIO

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

USE OF PROCEEDS FROM THE ADDITIONAL ISSUE OF DOMESTIC SHARES

The Company completed the additional issue of 136,000,000 domestic shares to Xi'an Heyue Property Management Limited (西安和悦物業管理有限公司) in March 2018, the proceeds from which was RMB27,880,000. Of the proceeds, approximately RMB2,800,000 was used for issuance expenses paid to the relevant participating institutions; approximately RMB9,300,000 was used for the Company's operating expenses, and the remaining approximately RMB16,000,000 was planned to be used for financing investment in projects. Such remaining amount was not utilized as a result of changes in the acquisition of projects, which could not be carried out as originally scheduled. Instead, the said proceeds were used by the Company temporarily for short-term financial management projects to ensure its appreciation, and will be used as planned once the investment projects are confirmed.

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 31 December 2019, the Company had no significant contingent liabilities.

BUSINESS DEVELOPMENT

As at 31 December 2019, the Company concentrated its effort on the sales of FA-90 and thiol products with sales revenue of RMB22,814,000 and RMB16,517,000 respectively, representing an increase of approximately 4.43% 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 31 December 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 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 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 is 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 the shares in the Company during the year ended 31 December 2019.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2019, the persons (other than a 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 the domestic shares (shares)	Approximate shareholding percentage in securities during the same period	Approximate shareholding percentage in total issued share capital of the Company
Northwest Group	Beneficial owner	609,500,000	62.58%	46.71%
Xi'an Heyue Property Management Limited	Beneficial owner	136,000,000	13.96%	10.42%
Shaanxi Jing Dian Investment Company Limited (陝西精典投資有限公司) ("Jing Dian Investment")	Beneficial owner	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 1: As each of Ding Xianguang and Zhang Jianming was beneficially interested in 40% of the equity interest in Jing Dian Investment, they are deemed to be interested in 58,500,000 domestic shares respectively under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Note 2: Xi'an Heyue Property Management Limited is 100% owned by Beijing Dagang Information Technology Company Limited (北京大剛信息科技有限公司).

Interests in H shares of the Company (long positions)

Name	Capacity	Number of H shares	Approximate shareholding percentage in the total issued H shares	Approximate shareholding percentage in the entire issued share capital of the Company
Wang Zhen	Beneficial owner	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 announcement.

COMPETING INTEREST

During the year ended 31 December 2019, 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 established an Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules on 6 July 2002. The Audit Committee consists of three members, all of which are independent non-executive directors. Mr. Li Gangjian is the chairman while Mr. Zhao Boxiang and Ms. Zhao Xiaoning are the members.

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, and reporting to the Board after holding meetings on the foregoing matters regarding its work, the meeting results and suggestions, as well as the operation risk faced by the Group. The unaudited financial results of the Group for the 12 months ended 31 December 2019 have been reviewed by the Audit Committee.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed. Due to the outbreak of novel coronavirus disease, there have been strict restrictions in force on travel in Mainland China and the Hong Kong Special Administrative Region, which posed further limitations on the performance by the Company of the auditing process as required. What's more, the auditor was unable to send employees to the Company to conduct on-site audit. As a result, the Company was unable to complete the audit on the 2019 annual results and the preparation of annual report in time. The unaudited annual results set out in this announcement have not been agreed by the Company's auditor. Upon completion of the auditing process in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, the Company will publish an announcement on the audited results. The unaudited annual results set out herein have been reviewed by the Audit Committee of the Company.

FURTHER ANNOUNCEMENT(S)

The Company has been keeping communications with the auditor. The Company will issue further announcement(s) in relation to the audited annual results for the year ended 31 December 2019 as agreed by the auditor of the Company and the material differences (if any) as compared with the unaudited annual results contained herein as and when the restrictions to travels have been released by Mainland China and the Hong Kong Special Administrative Region, the auditor has been able to send employees to the Company to conduct on-site audit and the auditing process has been completed. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the progress of the completion of the auditing process.

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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2019.

On 1 February 2019, the Company completed the issuance of 76,280,000 shares and 81,720,000 domestic shares to Ding Meihua and Zhang Gangming, respectively, in exchange for the aggregate 29% equity interests held by them in Shaanxi Ruijian Electronic Commerce Co., Ltd..

The financial information contained herein in respect of the annual results of the Company have not been audited and have not been agreed with the auditor. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Xi'an, the People's Republic of China, 30 March 2020

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

This announcement will remain on the "Latest Company Announcements" page on the GEM website for at least seven days from the date of its publication.