



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG
KONG LIMITED (THE “STOCK EXCHANGE”)**

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Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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This announcement, for which the directors (the “Directors”) of Shaanxi Northwest New Technology Industry Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- For the six months ended 30 June 2021, the Company recorded an unaudited turnover of RMB2,992,000, representing a decrease of approximately 67.56% over that of RMB9,224,000 for the corresponding period in the previous year.
- For the six months ended 30 June 2021, the Company recorded an unaudited profit of RMB2,108,000, representing a decrease of approximately 22.3% 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 2021.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of Directors (the “Board”) of Shaanxi Northwest New Technology Industry Company Limited (the “Company”) hereby announces the unaudited financial statements of the Company for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as follows:

INCOME STATEMENT

	<i>Notes</i>	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Turnover	2	2,992	5,840	2,992	9,224
Cost of sales		2,251	4,179	2,251	6,597
Gross profit		741	1,661	741	2,627
Other Profit		3,188	1,500	3,322	2,362
Distribution costs		(61)	(448)	(219)	(629)
Administrative expenses		(659)	(643)	(1,302)	(1,121)
Operating profit		3,209	2,070	2,542	3,239
Finance costs		13	40	13	39
Other incomes		–	–	–	–
Profit before taxation		3,222	2,110	2,555	3,278
Taxation	3	(447)	(369)	(447)	(565)
Net profit (loss)		2,775	1,742	2,108	2,713
Earnings per share	5	RMB 0.0021	RMB 0.0013	RMB 0.0016	RMB 0.0021

BALANCE SHEET

		(Unaudited) 30 June 2021 <i>RMB'000</i>	(Unaudited) 31 December 2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		10,376	10,108
Available-for-sale financial assets		15,996	15,996
Land lease premium		5,988	5,988
		<u>32,360</u>	<u>32,092</u>
Current assets			
Inventories		2,528	188
Trade and other receivables and prepayments	6	112,535	116,407
Land lease premium		210	210
Amounts due from fellow subsidiaries		–	–
Bank balance – restricted		–	–
Bank balances and cash		27,865	28,411
		<u>143,138</u>	<u>145,216</u>
Current liabilities			
Trade and other payables	7	476	474
Amount due to the ultimate holding company		3,096	3,096
Tax payables		500	585
Accrued expenses and other payables		3,180	5,187
		<u>7,252</u>	<u>9,525</u>
Net current assets (liabilities)		135,085	135,691
Net assets		<u>167,445</u>	<u>167,786</u>
Capital and reserves			
Share capital		130,500	130,500
Reserves		36,945	37,286
		<u>167,445</u>	<u>167,786</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months	
	ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(1,981)	6,881
Net cash used in investing activities	–	–
Net cash for financing	–	–
Increase/(decrease) in bank balances and cash		
Bank balances and cash on 1 January	28,411	36,723
Bank balances and cash on 30 June	<u>27,865</u>	<u>43,613</u>

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 quarterly accounts are consistent with those used in the annual accounts for the year ended 31 December 2020, 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 2021

	FA-90 (Unaudited) RMB'000	Thiol (Unaudited) RMB'000	Total (Unaudited) RMB'000
Turnover	1,765	1,227	2,992
Cost of sales	1,373	878	2,251
Gross profit	392	349	741
Distribution costs			(219)
Administrative expenses			(1,302)
Finance costs			13
Other operating income			3,322
Profit before taxation			2,555
Taxation			447
Net profit			2,108

3. TAXATION

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

	(Unaudited)		(Unaudited)	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
PRC (<i>note</i>)	447	368	447	564

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 2020: Nil).

5. EARNINGS PER SHARE

The earnings per share for the three months and six months ended 30 June 2021 are RMB0.0021 and RMB0.0016 per share respectively.

Calculations are based on the total 1,305,000,000 shares in issue.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

	(Unaudited)	(Unaudited)
	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Trade receivables	12,896	15,590
Other receivables	1,695	1,328
	14,591	16,918

7. TRADE PAYABLES AND OTHER PAYABLES

	(Unaudited)	(Unaudited)
	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Trade payables	476	608
Other payables	12,790	12,790
Amounts due to ultimate holding company	3,096	3,096
	16,362	16,494

8. SHARE CAPITAL

	As at 30 June 2021		As at 31 December 2020	
	<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	1,305,000,000	130,500
Issued and fully paid at the end of the period	<u>1,305,000,000</u>	<u>130,500</u>	<u>1,305,000,000</u>	<u>130,500</u>

9. PLEDGE OF ASSETS

Nil

10. COMMITMENTS

Capital commitments

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
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 2021 (For the six months ended 30 June 2020: Nil).

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

By the end of year 2020, the Board has formulated the implementation plan to carry out repair and renovation of rusting and damage to equipment and process pipelines caused by the prolonged suspension in production at the Weinan production plant of the Company (the “Renovation Works”) during the COVID-19 pandemic, aiming to resume the production of FA-90 and thiol products to a level commensurate with that before the temporary suspension as soon as practicable (the “Production Resumption”). The Company has carried out production and sale preparation work as planned, including funding arrangements, production staff recall and recruitment, raw material procurement and liaison and communication with its original and existing customers.

In respect of the Renovation Works, the Company has invested approximately RMB8.3 million to inspect, remove, repair, replace and/or install all pipelines, production facilities and pollution treatment systems at the Weinan production plant from 1 January 2021 to the end of April 2021. The Renovation Works have all been completed and after about half a month’s test run, the design requirements of the Renovation Works have been fulfilled.

In respect of the Production Resumption, the Weinan production plant commenced trial production in mid-May 2021. Following about a month of trial production, the production capacity of the production line has reached over 50% of the designed capacity by the end of June 2021 and an operating income of approximately RMB3.0 million was generated in about one and a half months. With such progress, more than 90% of its original production capacity will be reached around the end of August 2021. It is expected that the original production capacity will be fully restored by the end of 2021.

Currently, the Company has fully resumed normal purchase of raw materials to meet the requirements for its production. The sale of products has basically recovered to its normal level. New customer base has also been developed on the basis of the existing customers.

The Board believes that leveraging on the success in the achievement of the Production Resumption, a sustainable and solid foundation will be laid for the continual development of the principal business of Company and a stable income from its principal business will be basically guaranteed.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Company recorded an unaudited turnover of RMB2,992,000, representing a decrease of 67.56% over that for the corresponding period in the previous year. The unaudited profit for the six months ended 30 June 2021 was RMB2,108,000, representing a decrease of 22.3% over that for the corresponding period in the previous year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, the equity attributable to shareholders of the Company was approximately RMB167,445,000 (31 December 2020: RMB167,786,000); cash and bank balance denominated in Renminbi were approximately RMB27,865,000 (31 December 2020: RMB28,411,000); and current assets amounted to approximately RMB143,138,000 (31 December 2020: RMB145,216,000). Current liabilities amounted to approximately RMB7,252,000 (31 December 2020: RMB9,525,000).

SIGNIFICANT INVESTMENT HELD

Except for investment in available-for-sale financial assets, the Company did not hold any significant investments for the six months ended 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL

The Company did not have any material acquisition and disposal of subsidiaries, associates and joint ventures for the six months ended 30 June 2021.

GEARING RATIO

The gearing ratio of the Company as at 30 June 2021 (calculated as the ratio of total loans to net assets) was 0% (31 December 2020: 0%).

EXCHANGE RATE RISK

The Directors believe that there is 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 2021, the Company had no significant contingent liabilities.

OTHER INFORMATION

INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS IN SHARES

As at 30 June 2021, 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 (the “Model Code”) were as follows:

Interests in Domestic Shares of the Company (Long Positions)

Name	Capacity	Number of domestic shares (shares)	Approximate shareholding percentage in total issued domestic shares	Approximate shareholding percentage in the entire issued share capital of the Company
Wang Cong (<i>Note</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: 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', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

As at 30 June 2021, so far as is known to the Directors, Supervisors and chief executives of the Company, none of the Directors, Supervisors or chief executives of the Company or any of their respective associates including spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for shares of the Company (or warrants or debentures, if applicable) or to acquire shares of the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons (other than the Directors, Supervisors or chief executive of the Company) who had, or are deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who were or are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interests in domestic shares of the company (long positions)

Name	Capacity	Number of domestic shares (shares)	Approximate shareholding percentage in total issued domestic shares	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 (Note)	Interest of controlled corporation	58,500,000	6.0%	4.5%
Zhang Jianming (Note)	Interest of controlled corporation	58,500,000	6.0%	4.5%

Note: 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.

Interests in H shares of the company (long positions)

Name	Capacity	Number of H shares (shares)	Approximate shareholding percentage in the total issued H shares	Approximate shareholding percentage in the total issued share capital of the Company
Wang Zhen	Beneficially owned	55,000,000	16.61%	4.2%

COMPETING INTERESTS

None of the Directors or the Supervisors of the Company or their respective associates had an interest in any business which competes or may compete, directly or indirectly, with the business of the Company nor any conflicts of interest which has or may have with the Company.

AUDIT COMMITTEE

The Company established the Audit Committee with 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, all of which are independent non-executive Directors. 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 its work, the meeting results, its advices and the operating risk faced by the Group. The unaudited financial results of the Group for the six months ended 30 June 2021 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 as set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 June 2021, 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 2021.

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 2021.

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

Xi'an, the People's Republic of China, 13 August 2021

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 website of GEM for at least seven days from the date of its publication.