



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 Report*

**2009**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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 six months ended 30 June 2009, a turnover of RMB11,660,000 was recorded, representing a decrease of 60% against that of the corresponding period in the previous year.
- For the six months ended 30 June 2009, a profit of RMB3,120,000 was recorded, representing a decrease of 27% against that of the same period of the previous year.
- The Directors do not recommend the payment of any dividend for the six months ended 30 June 2009.

# FINANCIAL INFORMATION

## INTERIM 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 six months ended 30 June 2009 and the unaudited comparative figures for the corresponding period in 2008 as follows:

### UNAUDITED INCOME STATEMENT

*For the three months and six months ended 30 June 2009*

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2009	2008	2009	2008
		RMB'000	RMB'000	RMB'000	RMB'000
Turnover	2	<b>7,007</b>	14,786	<b>11,662</b>	29,205
Cost of sales		<b>(5,621)</b>	(10,372)	<b>(9,391)</b>	(20,555)
Gross profit		<b>1,386</b>	4,414	<b>2,271</b>	8,650
Distribution costs		<b>(40)</b>	(259)	<b>(77)</b>	(1,064)
Administrative expenses		<b>(782)</b>	(1,397)	<b>(2,046)</b>	(2,237)
Operating profit		<b>564</b>	2,758	<b>148</b>	5,349
Finance costs		<b>(563)</b>	(511)	<b>(1,126)</b>	(1,074)
Other revenue	3	<b>4,100</b>	–	<b>4,100</b>	–
Profit before taxation		<b>4,101</b>	2,247	<b>3,122</b>	4,275
Taxation	4	<b>–</b>	–	<b>–</b>	–
Net profit (loss)		<b>4,101</b>	2,247	<b>3,122</b>	4,275
Dividend	5	<b>–</b>	–	<b>–</b>	–
Earnings per share	6	<b>RMB0.0045</b>	RMB0.002	<b>RMB0.0034</b>	RMB0.005

## BALANCE SHEET

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2009</b>	2008
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>82,328</b>	84,120
Land lease premium		<b>20,040</b>	20,554
		<b>102,368</b>	104,674
<b>Current assets</b>			
Inventories		<b>5,473</b>	2,708
Account and other receivables and prepayments	7	<b>15,804</b>	64,133
Land lease premium		<b>514</b>	514
Due from a fellow subsidiary		-	-
Bank balances – restricted		<b>44,067</b>	9,524
Bank balances and cash		<b>65,858</b>	76,879
<b>Current liabilities</b>			
Account and other payables	8	<b>14,179</b>	10,310
Due to ultimate holding company		<b>150</b>	150
Taxation payable		-	5,318
Bank borrowings		<b>15,000</b>	30,000
		<b>29,329</b>	45,778
<b>Net current assets (liabilities)</b>		<b>36,530</b>	31,101
<b>Net assets</b>		<b>138,897</b>	135,775
<b>Capital and reserves</b>			
Share capital	9	<b>91,000</b>	91,000
Reserves		<b>47,897</b>	44,775
		<b>138,897</b>	135,775

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2009</b>	2008
	<b>RMB'000</b>	RMB'000
Net cash used in operating activities	<b>49,543</b>	18,765
Net cash used in investment activities	-	(7,417)
Net cash from financing	<b>(15,000)</b>	-
Increase/(decrease) in bank balance and cash	<b>34,543</b>	11,348
Bank balance and cash as at 1 January	<b>9,524</b>	57,734
Bank balance and cash as at 30 June	<b>44,067</b>	69,082

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	<b>Share capital</b>	<b>Reserves</b>	<b>Total equity</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2008	91,000	58,547	149,547
Earnings (loss) for the period	-	4,275	4,275
Payment of dividend	-	-	-
At 30 June 2008	91,000	62,822	153,822
<b>At 1 January 2009</b>	<b>91,000</b>	<b>44,775</b>	<b>135,775</b>
<b>Earnings (loss) for the period</b>	<b>-</b>	<b>3,122</b>	<b>3,122</b>
<b>Payment of dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2009</b>	<b>91,000</b>	<b>47,897</b>	<b>138,897</b>

## NOTES TO THE CONDENSED ACCOUNTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim accounts ("Interim Accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("HKSSAP") 2.125 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong. The Interim Accounts should be read together with our 2008 annual accounts.

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 2008.

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 six months ended 30 June 2009

	FA-90 and others	FA-D	FA-J	Ferrocene	Total (RMB'000)
Turnover	11,662				11,662
Cost of sales	(9,391)				(9,391)
Gross profit	2,271				2,271
Distribution costs					(77)
Administrative expenses					(2,046)
Finance costs					(1,126)
Other operating income					4,100
Profit before taxation					3,122
Taxation					-
Net profit					3,122



For the six months ended 30 June 2008

	FA-90 and others	FA-D	FA-J	Ferrocene	Total (RMB'000)
Turnover	29,205				29,205
Cost of sales	(20,555)				(20,555)
Gross profit	8,651				8,651
Distribution costs					(1,064)
Administrative expenses					(2,237)
Finance costs					(1,074)
Other operating income					-
Profit before taxation					4,275
Taxation					-
Net profit					<u>4,275</u>

### 3. OTHER REVENUE

The amount of RMB4,100,000 is representing the recovery in provisions on doubtful debts regarding to trade receivables.

### 4. 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	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
PRC (Note)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

## 5. INTERIM DIVIDEND

The Board does not recommend the payment of the interim dividend for the period (2008: Nil).

## 6. EARNINGS PER SHARE

The earnings per share for the three months and six months ended 30 June 2009 are RMB0.0045 and RMB0.0034 respectively.

Calculations are based on the total share capital of 910,000,000 shares.

## 7. ACCOUNT RECEIVABLES AND OTHER RECEIVABLES

	<b>As at 30 June 2009 RMB'000</b>	As at 31 December 2008 RMB'000
Account receivables	<b>13,668</b>	8,810
Other receivables	<b>2,136</b>	1,805
	<hr/>	<hr/>
Due from fellow subsidiaries	-	11,478
Prepayments and deposits	-	42,040
	<b>15,804</b>	64,133
	<hr/> <hr/>	<hr/> <hr/>

## 8. ACCOUNT PAYABLES AND OTHER PAYABLES

	<b>As at 30 June 2009 RMB'000</b>	As at 31 December 2008 RMB'000
Account payables	<b>403</b>	508
Other payables	<b>13,542</b>	9,802
Accrued expenses	<b>234</b>	-
	<hr/>	<hr/>
	<b>14,179</b>	10,310
	<hr/> <hr/>	<hr/> <hr/>

## 9. SHARE CAPITAL

	As at 30 June 2009		As at 31 December 2008	
	Number of shares	RMB'000	Number of shares	RMB'000
Authorised				
Ordinary shares of nominal value of RMB0.1 each	910,000,000	91,000	910,000,000	91,000
Issued and fully paid at the end of the period	910,000,000	91,000	910,000,000	91,000

## 10. PLEDGE OF ASSETS

Bank	Loan amount RMB'000	Status of pledges
Bank of Communications	15,000	Pledge over the land use right of the Technology Park of the Company

## 11. COMMITMENTS

### (a) Capital commitments

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Capital expenses of property, plant and equipment		
– Authorised but not contracted for	–	–
– Contracted for but not yet provided for in the statements	14,810	14,810
	<b>14,810</b>	<b>14,810</b>

## 12. SUBSEQUENT EVENTS

### Taxation

Tax payable in respect of profits arising in the PRC have been provided at the applicable rate of 15% in the PRC on the assessable profit. There is no material deferred taxation 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 2009 (For the six months ended 30 June 2008: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 30 June 2009, the unaudited turnover of the Company was approximately RMB11,662,000, representing a decrease of 60% against that of the corresponding period of the previous year. The unaudited profit for the six months ended 30 June 2009 was RMB3,122,000, representing an increase of 27% over that of the same period of the previous year.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2009, the shareholders' equity of the Company was approximately RMB138,897,000 (31 December 2008: RMB135,775,000); cash and bank balances denominated in Renminbi were approximately RMB44,067,000 (31 December 2008: RMB9,524,000); current assets were about RMB65,858,000 (31 December 2008: RMB76,879,000); and current liabilities were approximately RMB29,329,000 (31 December 2008: RMB45,778,000), which mainly comprised short-term bank loans of RMB15,000,000.

## Acquisition and Disposal of Substantial Investments and Subsidiaries

For the six months ended 30 June 2009 and the corresponding period of the previous year, there was no significant investment or significant acquisition or disposal of subsidiaries and associates.

## Future Significant Investment Plans and Expected Capital Sources

There was no other significant investment plan as at 30 June 2009.

## CAPITAL COMMITMENTS

Disclosed in Note 11 to the condensed interim results.

## GEARING RATIO

The gearing ratio as at 30 June 2009 (calculated as the ratio of total loan to net assets) was 10.8% (31 December 2008: 22%).

## 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 paid in Renminbi.

## CONTINGENT LIABILITY

As at 30 June 2009, there were no significant contingent liabilities.

## BUSINESS DEVELOPMENT

As at 30 June 2009, the Company concentrated its effort on the sales of FA-90 with sales of RMB11,662,000, representing a decrease of 60% against that of the corresponding period of previous year.

## OTHER INFORMATION

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

As at 30 June 2009, the interests or short positions of the Directors, supervisors and chief executives 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

Name	Capacity	Number of domestic shares	Approximate shareholding percentage in the entire issued domestic shares	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	89.63%	66.98%
Zheng Rongfang	Beneficial owner	2,000,000	0.29%	0.22%
Guo Qiubao	Beneficial owner	2,000,000	0.29%	0.22%
Wang Feng	Beneficial owner	2,000,000	0.29%	0.22%
Wang Zheng	Beneficial owner	2,000,000	0.29%	0.22%
Zheng Yinglin	Beneficial owner	2,000,000	0.29%	0.22%
Yan Buqiang	Beneficial owner	2,000,000	0.29%	0.22%

*Note:*

1. The 609,500,000 domestic shares are held by 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 and six months ended 30 June 2009.

## INTERESTS DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the persons (other than the 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 domestic shares	Approximate shareholding percentage in the entire issued domestic shares	Approximate shareholding percentage in the entire issued share capital of the Company
Northwest Group	Beneficial owner	609,500,000	89.63%	66.98%
Shaanxi Jing Dian Investment Company Limited (陝西精典投資有限公司) ("Jing Dian Investment")	Beneficial owner	58,500,000	8.6%	6.43%
Ding Xianguang (Note)	Interest of controlled corporation	58,500,000	8.6%	6.43%
Zhang Jianming (Note)	Interest of controlled corporation	58,500,000	8.6%	6.43%

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**

The Company has conditionally adopted a share option scheme. The major terms and conditions of the share option scheme are set out in the section headed “Share Option Scheme” in Appendix VI to the Prospectus. As at 30 June 2009, no share option has been granted under the share option scheme.

## **COMPETING INTEREST**

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 5.28 and 5.31 of 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 two independent non-executive Directors, namely Mr. Li Gangjian and Mr. Wei Dazhi and one non-executive Director, namely Ms. Zheng Rongfang. Mr. Li Gangjian is the chairman of the audit committee.

The unaudited interim accounts for the six months ended 30 June 2009 have been reviewed by the audit committee of the Company.

## **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 six months ended 30 June 2009 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 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 had 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 had 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 six months ended 30 June 2009.

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

The Company did not purchase, sell or redeem any of its listed securities during the six months ended 30 June 2009.

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

Xi'an, the People's Republic of China, 6 August 2009

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

Executive directors:	Mr. Wang Cong, Mr. Wang Feng, Mr. Gao Peng and Mr. Yang Xiaohuai
Non-executive directors:	Mr. Guo Bin and Ms. Zheng Rongfang
Independent non-executive directors:	Mr. Li Gangjian, Mr. Chen Tao and Mr. Wei Dazhi

\* *For identification purpose only*