



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

2015

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 (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 six months ended 30 June 2015, a turnover of RMB21,930,000 was recorded, representing a decrease of 15% over that of RMB25,660,000 for the corresponding period in the previous year.
- For the six months ended 30 June 2015, a profit of approximately RMB4,490,000 was recorded, representing a decrease of approximately 22% 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 2015.

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 2015 and the unaudited comparative figures for the corresponding period in 2014 as follows:

UNAUDITED INCOME STATEMENT

For the six months ended 30 June 2015

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Turnover	2	11,879	14,979	21,931	25,659
Cost of Sales		(7,410)	(10,094)	(13,740)	(17,197)
Gross profit		4,469	4,885	8,191	8,462
Other revenue					
Distribution costs		(866)	(522)	(1,154)	(769)
Administrative expenses		(856)	(1,974)	(1,617)	(4,229)
Operating profit		2,747	2,389	5,420	3,464
Finance costs		17	16	33	24
Other incomes		-	3,150	-	3,150
Profit before taxation		2,764	2,373	5,453	3,440
Taxation	3	(504)	(516)	(963)	(826)
Net profit/(loss)		2,260	5,007	4,490	5,764
Dividend		-	-	-	-
Earnings per share	5	RMB0.0025	RMB0.0055	RMB0.0049	RMB0.0063

BALANCE SHEET

		Unaudited	Audited
		As at	As at
		30 June 2015	30 June 2014
Notes		RMB'000	RMB'000
Non-current assets			
	Property, plant and equipment	13,017	13,296
	Land lease premium	6,723	6,828
		19,740	20,124
		19,740	20,124
Current assets			
	Inventories	863	1,081
	Trade and other receivables and prepayments	28,022	38,773
	Land lease premium	105	210
	Due from fellow subsidiaries	-	-
	Bank balances – restricted	-	-
	Bank balance and cash	58,063	48,755
		87,053	88,819
		87,053	88,819
Current liabilities			
	Trade and other payables	512	461
	Due to ultimate holding company	3,081	3,081
	Taxation payable	1,576	4,938
	Accruals and other payables	5,896	9,224
		11,065	17,704
		11,065	17,704
	Net current assets (liabilities)	75,988	71,115
	Net assets	95,728	91,239
		95,728	91,239
Capital and reserves			
	Share capital	91,000	91,000
	Reserves	4,728	239
		95,728	91,239
		95,728	91,239

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015

	Unaudited	
	For the six months	
	ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net cash used in operating activities	9,305	12,840
Net cash used in investment activities	-	-
Net cash from financing	-	-
Increase/(decrease) in bank balance and cash	9,305	12,840
Bank balance and cash as at 1 January	48,759	34,427
Bank balance and cash as at 30 June	58,064	52,411

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 2014, 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 unprovided 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 period are analyzed by business segments as follows:

For the six months ended 30 June 2015

	FA-90 and others RMB'000	Thiol RMB'000	Total RMB'000
Turnover	13,002	8,929	21,931
Cost of sales	(8,582)	(5,158)	(13,740)
	<hr/>	<hr/>	<hr/>
Gross profit	4,420	3,771	8,191
Distribution costs			(1,154)
Administrative expenses			(1,617)
Finance costs			33
Other operating income			-
			<hr/>
Profit before taxation			5,453
Taxation			(963)
			<hr/>
Net profit			4,490
			<hr/> <hr/>

3. TAXATION

Taxes charged from the profit or loss are as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
PRC (Note)	504	516	963	826

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 (2014: Nil).

5. EARNINGS PER SHARE

The earnings per share for the three months and six months ended 30 June 2015 are RMB0.0025 and RMB0.0049 per share respectively.

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

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade receivables	27,691	26,741
Other receivables	331	299
	28,022	27,040

7. TRADE PAYABLES AND OTHER PAYABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade payables	512	461
Other payables	5,896	9,224
Due to ultimate holding company	3,081	3,081
	9,489	12,766

8. SHARE CAPITAL

	As at 30 June 2015		As at 31 December 2014	
	Number of shares	RMB'000	Number of shares	RMB'000
Authorised Ordinary shares of nominal value of RMB0.1 each	<u>910,000,000</u>	<u>91,000</u>	910,000,000	91,000
Issued and fully paid at the end of the period	<u>910,000,000</u>	<u>91,000</u>	<u>910,000,000</u>	<u>91,000</u>

9. PLEDGE OF ASSETS

Nil

10. COMMITMENTS

(a) Capital commitments

	As at 30 June 2015 RMB'000	As at 31 December 2014 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 of 15% in the PRC on the 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 2015 (For the six months ended 30 June 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2015, the unaudited turnover of the Company was RMB21,930,000, representing a decrease of 15% against that of the corresponding period of the previous year. The unaudited profit for the six months ended 30 June 2015 was RMB4,490,000, representing a decrease of 22% over that of the corresponding period of the previous year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the shareholders' equity of the Company was approximately RMB95,728,000 (31 December 2014: RMB91,239,000); cash and bank balances denominated in Renminbi were approximately RMB58,063,000 (31 December 2014: RMB48,755,000); current assets were about RMB87,053,000 (31 December 2014: RMB88,819,000); and current liabilities were approximately RMB11,065,000 (31 December 2014: RMB17,704,000).

ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES

For the six months ended 30 June 2015, the Company is proceeding with an acquisition of a company which operates distribution business of natural gas in Shaanxi Province (the "Project"), which is in progress as scheduled. The Company has no proposal in respect of disposal of subsidiaries and associates.

On 20 May 2015, the Company entered into an agreement with Mr. Wang Jingkang (the "Vendor"), pursuant to which the Company has agreed to purchase 10% equity interest held by Mr. Wang Jingkang in Best Rich (H.K.) Investment Limited at the consideration of HK\$15,640,000. The consideration will be satisfied by the Company by way of allotment and issue of 46,000,000 H Shares to the Vendor at the issue price of HK\$0.34 per H Share upon Completion. The agreement is conditional upon the Company obtaining all necessary consents and approvals (including the China Securities Regulatory Commission granting the approval for the issue of the consideration shares and the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the consideration shares). For further details, please refer to the announcement "Discloseable Transaction" dated 21 May 2015 as published by the Company on the website of the Stock Exchange. As of the date hereof, the approval has not yet been obtained from the China Securities Regulatory Commission.

CAPITAL COMMITMENTS

Disclosed in Note 10 to the condensed interim results.

GEARING RATIO

The gearing ratio as at 30 June 2015 (calculated as the ratio of total loan to net assets) was 0% (31 December 2014: 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 paid in Renminbi.

CONTINGENT LIABILITY

As at 30 June 2015, there were no significant contingent liabilities.

BUSINESS DEVELOPMENT

As at 30 June 2015, the Company concentrated its effort on the sales of FA-90 and thiol products with sales revenue of RMB13,000,000 and RMB8,930,000 respectively, representing a decrease of approximately 15% as compared with that for the corresponding period of 2014. As the Company's existing businesses were unable to fulfill the requirement for its development, the management was paying close attention to explore new business fields which may become new drivers for its business growth, and strived for a sustainable business growth for the Company in the future.

OTHER INFORMATION

As at 30 June 2015, 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 transactions in securities 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 (Note 1)	Interest of controlled corporation	609,500,000	89.63%	66.98%
Wang Feng	Beneficial owner	2,000,000	0.29%	0.22%
Zeng Yinglin	Beneficial owner	2,000,000	0.29%	0.22%
Zheng Rongfang	Beneficial owner	2,000,000	0.29%	0.22%
Guo Qiubao	Beneficial owner	2,000,000	0.29%	0.22%
Wang Zheng	Beneficial owner	2,000,000	0.29%	0.22%
Yan Buqiang	Beneficial owner	2,000,000	0.29%	0.22%

Note:

- 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 2015.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the persons (other than the Directors, supervisors or chief executives 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 (shares)	Approximate shareholding percentage in securities during the same period	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 ("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.

INTERESTS IN H SHARES OF THE COMPANY (LONG POSITIONS)

Name	Capacity	Number of H shares (shares)	Approximate shareholding percentage in all H shares in issue	Approximate shareholding percentage in the entire issued share capital of the Company
Tang Weichao	Beneficial owner	12,960,000	5.63%	1.42%

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 were no plan to grant share options as at the date of this report.

COMPETING INTEREST

None of the Directors, controlling shareholder (as defined under the GEM Listing Rules) and substantial shareholder (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 5.23 and 5.24 of the 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 three independent non-executive Directors, namely Mr. Li Gangjian, Mr. Zhao Boxiang and Prof. Zhao Xiaoning. Mr. Li Gangjian is the chairman of the audit committee.

The unaudited interim results for the six months ended 30 June 2015 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 Corporate Governance Code (the “Code”) as set out in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2015, 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 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 in the Model Code. The Company also has made specific enquiry of all Directors and the Company was 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 2015.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2015.

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 2015

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

Executive Directors:	Mr. Wang Cong, Mr. Wang Feng, Mr. Yang Xiaohuai and Ms. Tian Lingling
Independent non-executive Directors:	Mr. Li Gangjian, Mr. Zhao Boxiang and Prof. Zhao Xiaoning