



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)

**FIRST QUARTER RESULTS ANNOUNCEMENT
(FOR THE THREE MONTHS ENDED 31 MARCH 2019)**

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG 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 three months ended 31 March 2019, the turnover was RMB7,241,700, representing an increase of RMB570,800 over that of RMB6,670,900 for the corresponding period in the previous year.
- For the three months ended 31 March 2019, the profit was RMB1,408,000, representing an increase of 15.12% over that for the corresponding period in the previous year.
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 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 three months ended 31 March 2019 and the unaudited comparative figures for the corresponding period in 2018 as follows:

UNAUDITED INCOME STATEMENT

For the three months ended 31 March 2019

		For the three months ended 31 March	
		2019	2018
	Notes	RMB'000	RMB'000
Turnover	2	7,241	6,671
Cost of sales	2	<u>(4,914)</u>	<u>(4,504)</u>
(Gross loss)/gross profit		2,327	2,167
Distribution costs		(321)	(468)
Administrative expenses		<u>(781)</u>	<u>(596)</u>
Operating (loss) profit		1,225	1,103
Finance costs		<u>19</u>	<u>385</u>
Other incomes			
(Loss) Profit before taxation		1,731	1,488
Taxation	3	<u>(323)</u>	<u>(265)</u>
Net (loss)/earnings		<u>1,408</u>	<u>1,223</u>
Earnings per share	4	<u>RMB 0.0011</u>	<u>RMB 0.0012</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 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 three months ended 31 March 2019

	FA-90 <i>RMB'000</i>	Thiol <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	4,430	2,811	7,241
Cost of sales	<u>(3,158)</u>	<u>(1,756)</u>	<u>(4,914)</u>
Gross profit	1,272	1,055	2,327
Distribution costs			(321)
Administrative expenses			(781)
Finance costs			19
Other operating income			<u>487</u>
Profit before taxation			1,731
Taxation			<u>(323)</u>
Net profit			<u><u>1,408</u></u>

For the three months ended 31 March 2018

	FA-90 <i>RMB'000</i>	Thiol <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover	4,068	2,603	6,671
Cost of sales	<u>(2,923)</u>	<u>(1,581)</u>	<u>(4,504)</u>
Gross profit	1,145	1,022	2,167
Distribution costs			(468)
Administrative expenses			(596)
Finance costs			385
Other operating income			<u>–</u>
Profit before taxation			1,488
Taxation			<u>(265)</u>
Net profit			<u>1,223</u>

3. TAXATION

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

	For the three months ended 31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
PRC (<i>note</i>)	<u>323</u>	<u>265</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. (LOSS)/EARNINGS PER SHARE

	For the three months ended 31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss)/earnings for the period	<u>1,408</u>	<u>1,223</u>
Weighted average number of ordinary shares used to calculate basic earnings per share	<u>1,305,000,000</u>	<u>1,147,000,000</u>
Earnings per share	<u>0.0011</u>	<u>0.0012</u>

Diluted earnings per share is not presented as there were no potential dilutive shares during 2019 and 2018.

5. SHARE CAPITAL

	Number of shares		Registered, issued and fully paid <i>RMB'000</i>
	Domestic share	H share	
Ordinary shares of nominal value of RMB0.1 each			
As at 1 January 2019	816,000,000	331,000,000	1,147,000,000
As at 31 March 2019	<u>974,000,000</u>	<u>331,000,000</u>	<u>1,305,000,000</u>

6. PLEDGE OF ASSETS

	Bank	Loan	Status of pledges
		Amount <i>RMB'000</i>	
Nil	<u>-</u>	<u>-</u>	<u>-</u>

7. COMMITMENTS

Capital commitments

	For the three months ended 31 March	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i> (Audited)
Capital expenditure of property, plant and equipment contracted for but not yet provided for in the statements	<u>-</u>	<u>-</u>

8. DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2019, the unaudited turnover of the Company was RMB7,241,700, representing an increase of 8.6% over that for the corresponding period of the previous year. The unaudited profit for the three months ended 31 March 2019 was RMB1,408,000, representing an increase of 15.12% over that for the corresponding period of the previous year.

ACQUISITION AND DISPOSAL OF SUBSTANTIAL INVESTMENTS AND SUBSIDIARIES

As at 31 March 2019, the Company had no substantial investment, acquisition or disposals.

OTHER INFORMATION

Interests Of Directors, Chief Executives And Supervisors In Shares

As at 31 March 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 companies 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	Beneficial owner	2,000,000	0.205%	0.15%
Zeng Yinglin	Beneficial owner	2,000,000	0.205%	0.15%
Zheng Rongfang	Beneficial owner	2,000,000	0.205%	0.15%
Guo Qiubao	Beneficial owner	2,000,000	0.205%	0.15%
Wang Zheng	Beneficial owner	2,000,000	0.205%	0.15%
Yan Buqiang	Beneficial owner	2,000,000	0.205%	0.15%
Ding Meihua	Beneficial owner	76,280,000	7.83%	5.85%
Zhang Gangming	Beneficial owner	81,720,000	8.39%	6.26%

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 options to subscribe for shares in the Company during the three months ended 31 March 2019.

DISCLOSURES UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2019, the persons (other than the Directors, supervisors or chief executives of the Company) who had an interest or short position in the shares or underlying shares 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	62.58%	46.71%
Xi'an Heyue Property Management Limited (西安和悦物業管理有限公司)	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 (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: Each of Ding Xianguang and Zhang Jianming was beneficially interested in 40% of the equity interests 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 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

None of the Directors, supervisors of the Company and their respective associates (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 Rules 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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 2019.

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

Xi'an, the People's Republic of China, 15 May 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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