



西安海天天线科技股份有限公司
Xi'an Haitian Antenna Technologies Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8227)

2020

INTERIM REPORT

* for identification purposes only

CHARACTERISTICS OF GEM (“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 Xi’an Haitian Antenna Technologies Co., Ltd. (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 report 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 report misleading.*

HIGHLIGHTS

- During the six months ended 30 June 2020, unaudited gross loss was approximately RMB0.01 million and gross loss margin was 0.24%, compared to the gross profit margin of 1.33% for the corresponding period in the year of 2019.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of Directors (the “**Board**”) hereby submits the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the three months and six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in the year of 2019 as follows:

CONSOLIDATED BALANCE SHEET

Prepared by: Xi’an Haitian Antenna Technologies Co., Ltd.*

Unit: RMB

Item	Note	30 June 2020	31 December 2019
Current assets:			
Cash at bank and on hand		3,219,635.77	5,675,029.60
Financial assets held for trading	3	15,445,212.16	12,805,610.08
Accounts receivable	4	1,717,213.64	911,289.64
Advance payments		1,562,940.86	2,555,414.14
Other receivables		2,173,637.81	2,233,310.05
Among: interest receivable		–	–
Dividends receivable		–	–
Inventories		3,633,433.18	3,427,665.42
Other current assets		301,107.33	819,188.33
Total current assets		28,053,180.75	28,427,507.26
Non-current assets:			
Fixed assets	5	6,188,521.12	6,815,669.29
Projects under construction		473,727.13	337,640.00
Right-of-use assets		1,089,817.38	2,496,860.54
Intangible assets	6	63,141,210.31	66,722,943.01
Long-term deferred expenses		1,011,664.00	1,976,094.58
Other non-current assets	7	18,546,000.00	18,546,000.00
Total non-current assets		90,450,939.94	96,895,207.42
Total assets		118,504,120.69	125,322,714.68

Item	Note	30 June 2020	31 December 2019
Current liabilities:			
Accounts payable	8	11,921,801.15	11,120,846.07
Advance receipts		125,599.40	180,639.40
Payroll payable		4,942,613.93	3,801,140.03
Taxes and fee payable		1,406,131.29	2,023,412.35
Other payables		30,531,419.08	26,364,463.25
Among: interest payable		-	-
Dividends payable		-	-
Non-current liabilities due within one year		2,118,148.86	2,121,746.95
Other current liabilities	9	-	42,000,000.00
Total current liabilities		51,045,713.71	87,612,248.05
Non-current liabilities:			
Lease liabilities		114,290.65	116,492.22
Total non-current liabilities		114,290.65	116,492.22
Total liabilities		51,160,004.36	87,728,740.27
Shareholders' equity:			
Capital stock	10	189,762,900.00	169,762,900.00
Capital reserves		182,569,046.27	160,569,046.27
Surplus reserves		16,435,819.34	16,435,819.34
Undistributed profits		(324,193,965.14)	(312,249,722.09)
Total shareholders' equity attributable to the parent company		64,573,800.47	34,518,043.52
*Minority shareholders' equity		2,770,315.86	3,075,930.89
Total shareholders' equity		67,344,116.33	37,593,974.41
Total liabilities and shareholders' equity		118,504,120.69	125,322,714.68

CONSOLIDATED INCOME STATEMENT

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.*

Unit: RMB

Item	Note	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
I. Total operating revenue		1,903,155.22	21,693,376.70	3,679,835.23	23,047,238.33
Among: operating income	11	1,903,155.22	21,693,376.70	3,679,835.23	23,047,238.33
II. Total operating cost		9,864,306.23	28,913,305.00	18,950,740.21	35,887,699.74
Among: operating costs	11	1,997,870.43	21,495,872.12	3,688,595.35	22,739,733.66
Taxes and surcharges	12	4,598.12	5,576.46	37,948.32	5,576.46
Selling expenses	13	84,639.25	78,702.44	170,331.23	134,579.18
Administrative expenses	14	4,569,994.46	5,692,437.24	9,528,941.62	10,259,065.40
R&D expenses	15	3,086,322.41	112,581.17	5,356,557.25	228,192.74
Financial expenses	16	120,881.56	1,528,135.57	168,366.44	2,520,552.30
Among: interest expenses		35,850.48	1,533,333.33	75,656.56	2,633,333.33
Interest income		1,449.84	5,045.73	5,616.05	9,191.11
Plus: other income	17	329,357.59	-	329,357.59	-
Investment income ("-" for loss)	18	-	(463,635.36)	663.56	(551,380.62)
Among: income from investment in associates and joint ventures		-	(469,511.21)	-	(558,243.21)
Gain from changes in fair value ("-" for loss)	19	101,600.08	(5,892,804.64)	2,641,602.08	(152,400.12)
Credit impairment loss ("-" for loss)	20	-	924,165.41	-	934,312.13
Asset impairment loss ("-" for loss)	21	-	-	-	-
Gain from assets disposal ("-" for loss)	22	-	-	-	-
III. Operating profit ("-" for loss)		(7,530,193.34)	(12,652,202.89)	(12,299,281.75)	(12,609,930.02)
Plus: non-operating revenue	23	46,181.61	14,385.15	54,438.09	51,528.12
Less: non-operating expenses	24	-	625,836.25	-	645,391.31
IV. Total profit ("-" for total loss)		(7,484,011.73)	(13,263,653.99)	(12,244,843.66)	(13,203,793.21)
Less: income tax expenses	25	5,014.42	14,121.24	5,014.42	14,121.24
V. Net profit ("-" for net loss)		(7,489,026.15)	(13,277,775.23)	(12,249,858.08)	(13,217,914.45)
(I) By business continuity		(7,489,026.15)	(13,277,775.23)	(12,249,858.08)	(13,217,914.45)
1. Net profit from continuing operations ("-" for net loss)		(7,489,026.15)	(13,277,775.23)	(12,249,858.08)	(13,217,914.45)
2. Net profit from discontinued operations ("-" for net loss)		-	-	-	-
(II) By ownership		(7,489,026.15)	(13,277,775.23)	(12,249,858.08)	(13,217,914.45)
1. Net profit attributable to the shareholders of the parent company ("-" for net loss)		(7,389,615.63)	(13,257,394.21)	(11,944,243.05)	(13,219,844.73)
2. Minority profit and loss ("-" for net loss)		(99,410.52)	(20,381.02)	(305,615.03)	1,930.28

Item	Note	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
VI. Net of tax of other comprehensive income		-	-	-	-
Net of tax of other comprehensive income attributable to the shareholders of the parent company		-	-	-	-
Net of tax of other comprehensive income attributable to minority shareholders		-	-	-	-
VII. Total comprehensive income		(7,489,026.15)	(13,277,775.23)	(12,249,858.08)	(13,217,914.45)
Total comprehensive income attributable to shareholders of the parent company		(7,389,615.63)	(13,257,394.21)	(11,944,243.05)	(13,219,844.73)
Total comprehensive income attributable to minority shareholders		(99,410.52)	(20,381.02)	(305,615.03)	1,930.28
VIII. Earnings per share:					
(I) Basic earnings per share (RMB/share)	26	(0.00411)	(0.00866)	(0.00664)	(0.00863)
(II) Diluted earnings per share (RMB/share)	26	(0.00411)	(0.00866)	(0.00664)	(0.00863)

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.*

Unit: RMB

Item	Note	1 January to 30 June 2020	1 January to 30 June 2019
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		3,012,936.91	26,765,742.10
Net increase in deposits from customers and other financial institutions		-	-
Net increase of borrowings from the central bank		-	-
Net increase in loans from other financial institutions		-	-
Cash received from premiums of original insurance contract		-	-
Net cash received reinsurance business		-	-
Net increase in deposits and investment amount from policyholders		-	-
Cash received from interests, fees and commissions		-	-
Net increase in loans from other banks and financial institutions		-	-
Net increase in funds for repurchase business		-	-
Net cash from vicariously traded securities		-	-
Refund of taxes and surcharges		33,521.90	-
Other cash received relating to operating activities		5,983,756.82	10,262,295.23
Subtotal of cash inflows from operating activities		9,030,215.63	37,028,037.33

Item	<i>Note</i>	1 January to 30 June 2020	1 January to 30 June 2019
Cash paid for purchase of goods and receipt of services		1,965,564.45	72,784,875.96
Net increase in loans and advances to customers		-	-
Net increase in deposits with the central bank and other banks		-	-
Cash paid for claim settlements on original insurance contract		-	-
Net increase in financial assets held for trading purposes		-	-
Net increase in lendings to banks and other financial institutions		-	-
Cash paid for interests, fees and commissions		-	-
Cash paid for policy dividends		-	-
Cash paid to and for employees		3,981,996.04	5,082,589.35
Taxes and fee paid		63,381.38	168,095.77
Other cash paid relating to operating activities		6,699,125.19	8,389,461.26
Subtotal of cash outflows for operating activities		12,710,067.06	86,425,022.34
Net cash flows from operating activities		(3,679,851.43)	(49,396,985.01)

Item	Note	1 January to 30 June 2020	1 January to 30 June 2019
II. Cash flows from investing activities:			
Cash received from recouping investment		1,172.09	–
Cash received from investment income		–	3,246.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	–
Net cash received from disposal of subsidiaries and other business entities		–	–
Other cash received relating to investing activities		–	–
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Subtotal of cash inflows from investing activities		1,172.09	3,246.74
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Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		287,744.00	869,852.14
Cash paid to acquire investments		–	4,500,000.00
Net increase in pledge loans		–	–
Net cash paid for acquisition of subsidiaries and other business entities		–	–
Other cash paid relating to investing activities		3,000.00	5,520.00
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Subtotal of cash outflows for investing activities		290,744.00	5,375,372.14
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Net cash flows from investing activities		(289,571.91)	(5,372,125.40)
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Item	Note	1 January to 30 June 2020	1 January to 30 June 2019
III. Cash flows from financing activities:			
Cash received from absorbing investment		-	-
Among: cash received from minority shareholders' investment in subsidiaries		-	-
Cash received from borrowings		1,519,798.55	58,824,882.00
Cash received from insurance of bonds		-	-
Other cash received relating to financing activities		-	-
Subtotal of cash inflows from financing activities		1,519,798.55	58,824,882.00
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Cash paid for repayment of debts		2,253.62	-
Cash paid for distribution of dividends, profits or repayment of interests		-	2,633,333.33
Among: dividends and profits paid to minority shareholders by subsidiaries		-	-
Other cash paid relating to financing activities		-	-
Subtotal of cash outflows for financing activities		2,253.62	2,633,333.33
Net cash flows from financing activities		1,517,544.93	56,191,548.67
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IV. Effect of foreign exchange rate changes on cash and cash equivalents		(3,515.42)	14,119.07
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V. Net increase in cash and cash equivalents		(2,455,393.83)	1,436,557.33
Plus: opening balance of cash and cash equivalents		5,675,029.60	6,893,833.34
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VI. Closing balance of cash and cash equivalents		3,219,635.77	8,330,390.67
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.*

Unit: RMB

Item	1 January to 30 June 2020					
	Equity attributable to shareholders of the parent company					Total shareholders' equity
	Capital stock	Capital reserves	Surplus reserves	Undistributed profits	Minority equity	
I. Closing balance of the previous year	169,762,900.00	160,569,046.27	16,435,819.34	(312,249,722.09)	3,075,930.89	37,593,974.41
Plus: changes in accounting policies	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Opening balance of the current year	169,762,900.00	160,569,046.27	16,435,819.34	(312,249,722.09)	3,075,930.89	37,593,974.41
III. Changes of the current year ("-" for decrease)	20,000,000.00	22,000,000.00	-	(11,944,243.05)	(305,615.03)	29,750,141.92
(I) Total comprehensive income	-	-	-	(11,944,243.05)	(305,615.03)	(12,249,858.08)
(II) Capital invested and reduction by shareholders	20,000,000.00	22,000,000.00	-	-	-	42,000,000.00
1. Common shares invested by shareholders	20,000,000.00	22,000,000.00	-	-	-	42,000,000.00
2. Capital invested by other equity instrument holders	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-
3. Elimination of losses by surplus reserves	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-
6. Others	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Appropriation in the current year	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-
IV. Closing balance of the current year	189,762,900.00	182,569,046.27	16,435,819.34	(324,193,965.14)	2,770,315.86	67,344,116.33

Item	1 January to 30 June 2019					
	Equity attributable to shareholders of the parent company					
	Capital stock	Capital reserves	Surplus reserves	Undistributed profits	Minority equity	Total shareholders' equity
I. Closing balance of the previous year	153,105,882.40	142,246,326.91	16,435,819.34	(288,014,535.55)	2,938,687.81	26,712,180.91
Plus: changes in accounting policies	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Opening balance of the current year	153,105,882.40	142,246,326.91	16,435,819.34	(288,014,535.55)	2,938,687.81	26,712,180.91
III. Changes of the current year ("-" for decrease)	-	-	-	(13,219,844.73)	1,930.28	(13,217,914.45)
(I) Total comprehensive income	-	-	-	(13,219,844.73)	1,930.28	(13,217,914.45)
(II) Capital invested and reduction by shareholders	-	-	-	-	-	-
1. Common shares invested by shareholders	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-
3. Making Up of losses by surplus reserves	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-
6. Others	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Appropriation in the current year	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-
IV. Closing balance of the current year	153,105,882.40	142,246,326.91	16,435,819.34	(301,234,380.28)	2,940,618.09	13,494,266.46

Notes:

1. BASIC INFORMATION OF THE COMPANY

Established on 13 October 1999, the Company is a limited company by shares (and a listed joint venture co-funded by investors from Taiwan, Hong Kong, Macao and Mainland China), holding a Business License for Legal Person with a unified credit code numbered as 916101317101664434, issued by the Xi'an Administration for Industry and Commerce, which domicile is located at No. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi'an, legally represented by XIAO Bing, with the registered capital of RMB189,762,900, including paid-in capital of RMB189,762,900.

The H shares issued by the Company have been listed on the GEM of the Stock Exchange from 5 November 2003.

The Company's business scope mainly includes: mobile communication system antennas and antenna engineering products, microwave technology products, communication electronics products, data communication products, underwater/underground engineering and monitoring equipment, aerospace products, aircraft parts & components (except for those subject to special entry administration and control measures taken as per national regulations); R&D, production, sales, installation, testing and service of office automation equipment, instruments & meters, electronic industrial equipment and corresponding systemic works (any of the above business items, if requires any permit, shall not be conducted unless so permitted) (except for those requiring national approval).

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

On the going-concern basis, the financial statements of the Company have been prepared in accordance with actually-occurring transactions and items, the Accounting Standards for Business Enterprises issued by the Ministry of Finance and other relevant regulations, and disclosure requirements in the GEM Listing Rules, and accounting policies and accounting estimates adopted in the annual financial statements of the Group for the year ended 31 December 2019.

RMB is the recording currency for the Group.

3. FINANCIAL ASSETS HELD FOR TRADING

Items	30 June 2020	31 December 2019
Financial assets held at fair value through profit or loss	15,445,212.16	12,805,610.08
Among: Investment in equity instruments	15,445,212.16	12,805,610.08
Total	15,445,212.16	12,805,610.08

4. ACCOUNTS RECEIVABLE

Accounts receivable presented by bad debt provision method

Type	Book balance		30 June 2020 Provisions for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts by single item	7,963,317.65	81.87	7,963,317.65	100.00	0.00
Provisions for bad debts by portfolio	1,763,422.05	18.13	46,208.41	2.62	1,717,213.64
Among: Aging portfolio	1,616,614.05	16.62	46,208.41	2.86	1,570,405.64
Low-risk portfolio	146,808.00	1.51	0.00	0.00	146,808.00
Total	9,726,739.70	100.00	8,009,526.06		1,717,213.64

(Continued table)

Type	Book balance		31 December 2019 Provisions for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts by single item	7,963,317.65	89.27	7,963,317.65	100.00	0.00
Provisions for bad debts by portfolio	957,498.05	10.73	46,208.41	4.83	911,289.64
Among: Aging portfolio	854,860.05	9.58	46,208.41	5.41	808,651.64
Low-risk portfolio	102,638.00	1.15	0.00	0.00	102,638.00
Total	8,920,815.70	100.00	8,009,526.06		911,289.64

Receivables presented by aging

Aging	30 June 2020	31 December 2019
Within 1 year (including 1 year)	1,539,586.00	741,162.00
1-2 years	212,836.00	205,336.00
2-3 years	11,000.05	11,000.05
3-4 years	73,200.00	73,200.00
4-5 years	6,480,000.00	6,480,000.00
Over 5 years	1,410,117.65	1,410,117.65
Total	9,726,739.70	8,920,815.70

5. FIXED ASSETS

During the period, the Group spent approximately RMB0.13 million (2019: RMB0.91 million) on acquisition of machinery and equipment.

6. INTANGIBLE ASSETS

During the period, the Group had no acquisition of any intangible assets (2019: nil).

7. OTHER NON-CURRENT ASSETS

Items	30 June 2020	31 December 2019
Advance payments for purchase of land and above-ground attachments	18,546,000.00	18,546,000.00
Total	18,546,000.00	18,546,000.00

8. ACCOUNTS PAYABLE

Presentation of accounts payable

Items	30 June 2020	31 December 2019
Purchases amount	6,635,088.85	10,999,570.45
Accrued expenses	5,286,712.30	121,275.62
Total	11,921,801.15	11,120,846.07

Accounts payable presented by aging

Aging	30 June 2020	31 December 2019
Within 1 year (including 1 year)	10,245,136.65	9,422,028.51
1-2 years	278,340.99	298,991.46
2-3 years	97,633.05	99,135.64
Over 3 years	1,300,690.46	1,300,690.46
Total	11,921,801.15	11,120,846.07

9. OTHER CURRENT LIABILITIES

Items	30 June 2020	31 December 2019
Amount payable to shareholders	–	42,000,000.00
Total	–	42,000,000.00

10. CAPITAL STOCK

Items	Opening balance		Increase/decrease in the period (+/-)		Closing balance	
	Capital stock	Ratio (%)	Issuance of new share	Sub-total	Capital stock	Ratio (%)
Xi'an Tian An Corporate Management Consulting Co., Ltd.	32,836,363.70	19.34	0.00	0.00	32,836,363.70	17.30
Shanghai Gaoxiang Investment Management Co., Ltd.	18,984,480.40	11.18	6,500,000.00	6,500,000.00	25,484,480.40	13.43
Xi'an Xiao's Antenna Technologies Co., Ltd.	15,746,869.80	9.28	0.00	0.00	15,746,869.80	8.30
Xi'an International Medical Investment Co., Ltd.	10,000,000.00	5.89	0.00	0.00	10,000,000.00	5.27
Shenzhen Huitai Investment Development Co., Ltd.	7,506,470.60	4.42	0.00	0.00	7,506,470.60	3.96
Xi'an Haorun Investment Ltd.	7,000,000.00	4.12	0.00	0.00	7,000,000.00	3.69
Beijing Holdings Investment Management Co., Ltd.	5,407,794.10	3.19	0.00	0.00	5,407,794.10	2.85
Shaanxi Yinji Investment Ltd.	2,000,000.00	1.18	0.00	0.00	2,000,000.00	1.05
Shanghai Hongzhen Ningshang Investment Management Partnership (Limited Partnership)	1,850,000.00	1.09	0.00	0.00	1,850,000.00	0.97
Shanghai Ruikou Commerce and Trading Ltd.	1,850,000.00	1.09	0.00	0.00	1,850,000.00	0.97
Jiao Chengyi	1,094,303.00	0.64	0.00	0.00	1,094,303.00	0.58
Liao Kang	910,147.80	0.54	0.00	0.00	910,147.80	0.48
Xiao Bing	0.00	0.00	6,500,000.00	6,500,000.00	6,500,000.00	3.43
Jin Rongfei	0.00	0.00	5,000,000.00	5,000,000.00	5,000,000.00	2.64
Zhang Jiandong	0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	1.05
Sub-total of domestic shares	105,186,429.40	61.96	20,000,000.00	20,000,000.00	125,186,429.40	65.97
Xiao Bing	1,000,000.00	0.59	0.00	0.00	1,000,000.00	0.53
Chen Ji	977,100.00	0.58	0.00	0.00	977,100.00	0.51
Public shares	62,599,370.60	36.87	0.00	0.00	62,599,370.60	32.99
Sub-total of H shares	64,576,470.60	38.04	0.00	0.00	64,576,470.60	34.03
Total	169,762,900.00	100.00	20,000,000.00	20,000,000.00	189,762,900.00	100.00

The newly increased capital stock of RMB20,000,000.00 in the current period was formed by the allotment and issuance of 200,000,000 domestic shares to subscribers at RMB0.21 per share under the specific mandate approved at the general meeting of the Company on 19 March 2018. The total issuance amount was RMB42,000,000.00, of which RMB20,000,000.00 was credited to the capital stock and RMB22,000,000.00 was credited to capital reserve. The issuance of domestic shares was completed on 12 March 2020.

11. OPERATING INCOME, OPERATING COSTS

Items	1 April to 30 June 2020		1 April to 30 June 2019	
	Income	Costs	Income	Costs
Main business	1,868,766.64	1,997,870.43	21,693,376.70	21,495,872.12
Other businesses	34,388.58	-	-	-
Total	1,903,155.22	1,997,870.43	21,693,376.70	21,495,872.12

Items	1 January to 30 June 2020		1 January to 30 June 2019	
	Income	Costs	Income	Costs
Main business	3,516,303.80	3,688,595.35	23,047,238.33	22,739,733.66
Other businesses	163,531.43	-	-	-
Total	3,679,835.23	3,688,595.35	23,047,238.33	22,739,733.66

Composition of income and costs

	Main business income from 1 January to 30 June 2020	Main business costs from 1 January to 30 June 2020	Main business income from 1 January to 30 June 2019	Main business costs from 1 January to 30 June 2019
Sales of goods				
Construction related products	-	-	19,377,232.96	19,294,630.87
Agricultural products	1,826,161.76	2,377,040.85	3,541,887.80	3,402,403.07
Antenna products	882,630.54	535,094.48	20,515.80	-
Underwater monitoring and related products	-	-	107,601.77	42,699.72
UAV products	807,511.50	776,460.02	-	-
Total	3,516,303.80	3,688,595.35	23,047,238.33	22,739,733.66

12. TAXES AND SURCHARGES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Urban maintenance and construction tax	414.43	5,576.46	639.24	5,576.46
Education surcharge	317.58	–	542.38	–
Stamp duty	630.80	–	11,759.70	–
Water conservancy fund	188.35	–	188.35	–
Environmental protection tax	3,046.96	–	24,818.65	–
Total	4,598.12	5,576.46	37,948.32	5,576.46

13. SELLING EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Technical service fee	–	–	–	–
Payroll	43,720.27	36,983.60	103,332.31	72,801.60
Transport charge	1,671.70	(7,087.10)	7,342.45	–
Traveling fees	15,120.71	20,726.60	29,115.49	23,747.60
Business entertainment expenses	23,620.00	–	29,443.00	5,819.00
Publicity expenses	(3,840.10)	11,248.00	(3,840.10)	11,248.00
After-sales service charge	–	–	–	–
Office fees	4,515.75	16,648.70	4,615.75	16,648.70
Sample expenses	–	–	–	3,949.00
Product testing fee	–	–	–	–
Equipment depreciation charge	491.42	182.64	982.83	365.28
Others	(660.50)	–	(660.50)	–
Total	84,639.25	78,702.44	170,331.23	134,579.18

14. ADMINISTRATIVE EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Payroll	2,222,803.19	2,212,434.00	4,059,516.52	4,643,916.61
Intermediation fee	126,513.97	837,957.15	377,514.07	1,076,529.91
Decoration costs	443,796.22	404,316.16	954,502.35	808,632.32
Traveling fees	96,871.85	316,077.44	262,496.43	664,815.14
Depreciation of right-of-use assets	669,725.49	–	1,407,043.16	–
Depreciation costs	248,809.38	258,470.19	502,196.15	510,415.64
Business entertainment expenses	119,070.92	102,069.86	183,042.60	196,265.63
Vehicle expenses	128,205.47	221,039.24	220,142.76	388,331.30
Office fees	350,613.55	121,518.18	824,744.95	208,035.30
Leasing fee	(28,367.94)	1,048,919.47	70,500.00	1,339,840.90
Utilities	37,703.07	142,867.34	101,295.60	139,841.79
Property management fee	87,572.70	(122,240.27)	145,084.06	28,590.59
Farming commission	–	–	–	–
Expenses of the board of directors	24,600.00	28,250.00	50,250.00	54,350.00
Disabled security fund	142.86	–	338.30	–
Transport fees	25,765.21	–	41,668.65	–
Communication fee	18,300.10	–	18,288.90	–
Amortisation of intangible assets	5,678.46	3,705.00	11,356.92	7,410.00
Auditor's remunerations	41,509.44	–	169,310.32	8,737.86
– Audit service fee	23,584.91	–	151,385.79	–
– Other service fee	17,924.53	–	17,924.53	8,737.86
Others	(49,319.48)	117,053.48	129,649.88	183,352.41
Total	4,569,994.46	5,692,437.24	9,528,941.62	10,259,065.40

15. R&D EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Salary	668,140.03	77,427.40	1,063,144.39	153,852.80
Depreciation costs	48,939.24	34,456.17	94,007.35	68,912.34
Amortisation of intangible assets	1,785,187.89	–	3,570,375.78	–
Development service fee	–	–	–	–
Material fee	394,103.64	697.60	408,846.85	1,496.30
Traveling expenses	63,127.08	–	93,358.35	3,931.30
Others	126,824.53	–	126,824.53	–
Total	3,086,322.41	112,581.17	5,356,557.25	228,192.74

16. FINANCIAL EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Interest expenditures	35,850.48	1,533,333.33	75,656.56	2,633,333.33
Less: Interest income	1,449.84	5,045.73	5,616.05	9,191.11
Less: Exchange gain	978.10	6,136.10	2,065.87	119,129.84
Plus: Exchange loss	83,120.26	-	88,032.04	-
Plus: Other expenditures	4,338.76	5,984.07	12,359.76	15,539.92
Total	120,881.56	1,528,135.57	168,366.44	2,520,552.30

17. OTHER INCOME

Source of other gain	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Government subsidies	328,515.73	-	328,515.73	-
Others	841.86	-	841.86	-
Total	329,357.59	-	329,357.59	-

18. INVESTMENT INCOME

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Long-term equity investment income accounted in equity method	-	(469,511.21)	-	(558,243.21)
Investment gain from disposal of financial assets held at fair value through profit or loss	-	5,875.85	663.56	6,862.59
Others	-	-	-	-
Total	-	(463,635.36)	663.56	(551,380.62)

19. GAIN FROM CHANGES IN FAIR VALUE

Source of gain from changes in fair value	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Financial assets measured at fair value through profit or loss	101,600.08	(5,892,804.64)	2,641,602.08	(152,400.12)
Total	101,600.08	(5,892,804.64)	2,641,602.08	(152,400.12)

20. CREDIT IMPAIRMENT LOSS

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Bad debt loss of accounts receivable	-	(924,165.41)	-	(934,312.13)
Bad debt loss of other receivables	-	-	-	-
Bad debt loss of advance payments	-	-	-	-
Total	-	(924,165.41)	-	(934,312.13)

21. ASSET IMPAIRMENT LOSS

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Impairment loss of projects under construction	-	-	-	-
Impairment loss of intangible assets	-	-	-	-
Total	-	-	-	-

22. GAIN FROM ASSETS DISPOSAL (“-” FOR LOSS)

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Gain from disposal of non-current assets	-	-	-	-
Among: Gain from disposal of fixed assets	-	-	-	-
Total	-	-	-	-

23. NON-OPERATING REVENUE

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Gains from debts restructuring	-	-	-	37,142.97
Default compensation incomes	-	-	-	-
Payments that cannot be paid	447.15	-	447.15	-
Others	45,734.46	14,385.15	53,990.94	14,385.15
Total	46,181.61	14,385.15	54,438.09	51,528.12

24. NON-OPERATING EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Losses from debts restructuring	-	500,000.00	-	500,000.00
Donations	-	-	-	19,014.00
Expenditures of fines	-	-	-	541.06
Others	-	125,836.25	-	125,836.25
Total	-	625,836.25	-	645,391.31

25. INCOME TAX EXPENSES

Items	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Current income tax calculated according to tax law and relevant regulations	5,014.42	14,121.24	5,014.42	14,121.24
– PRC corporate income tax	5,014.42	14,121.24	5,014.42	14,121.24
– Hong Kong income tax	-	-	-	-
Deferred income tax expenses	-	-	-	-
Total	5,014.42	14,121.24	5,014.42	14,121.24

26. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited total comprehensive income for the three months and six months ended 30 June 2020 attributable to shareholders of the parent company of (RMB7,389,615.63) and (RMB11,944,243.05) respectively (2019: (RMB13,257,394.21) and (RMB13,219,844.73)) and the weighted average number of 1,797,629,000 (2019: 1,531,058,824) shares in issue during the period. The weighted average number of ordinary shares is the number of shares in issue at the beginning of the period, adjusted by the number of shares issued during the period multiplied by a time-weighting factor.

The diluted earnings per share is equal to the basic earnings per share as calculated above since the Company does not have any potential shares outstanding for the both periods.

27. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

28. SEGMENT INFORMATION

Analysis of Group's assets and liabilities by reportable and operating segments:

	30 June 2020	31 December 2019
Segment assets		
Sales of antennas products and provision of related services	93,041,458.48	95,280,963.93
Sales of underwater monitoring products and related products	742,346.08	758,153.40
Sales of UAV products	18,213,614.50	1,123,257.37
Sales of construction related products	–	2,285,141.10
Sales of agricultural products	5,144,690.35	5,776,284.62
Total segment assets	117,142,109.41	105,223,800.42
Undistributed assets	1,362,011.28	20,098,914.26
Total comprehensive assets	118,504,120.69	125,322,714.68
Segment liabilities		
Sales of antennas products and provision of related services	24,505,090.29	22,308,144.44
Sales of underwater monitoring products and related products	482,997.01	70,389.69
Sales of UAV products	20,029,935.75	80,000.00
Sales of construction related products	–	17,427,568.29
Sales of agricultural products	409,351.86	918,436.61
Total segment liabilities	45,427,374.91	40,804,539.03
Undistributed liabilities	5,732,629.45	46,924,201.24
Total comprehensive liabilities	51,160,004.36	87,728,740.27

Analysis of Group's revenue and results by reportable and operating segments:

	1 April to 30 June 2020	1 April to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
Main business income				
Sales of antennas products and provision of related services	218,913.73	7,496.93	882,630.54	20,515.80
Sales of underwater monitoring products and related products	-	105,601.77	-	107,601.77
Sales of UAV products	807,511.50	-	807,511.50	-
Sales of construction related products	-	19,377,232.96	-	19,377,232.96
Sales of agricultural products	842,341.41	2,203,045.04	1,826,161.76	3,541,887.80
	1,868,766.64	21,693,376.70	3,516,303.80	23,047,238.33
Segment profit (loss)				
Sales of antennas products and provision of related services	(4,006,733.64)	81,959.56	(6,873,587.92)	(269,133.92)
Sales of underwater monitoring products and related products	(307.44)	52,134.03	(614.88)	51,143.93
Sales of UAV products	(1,946,260.54)	(42,506.00)	(1,982,987.63)	(91,544.40)
Sales of construction related products	177,846.56	7,934.01	-	(66,734.07)
Sales of agricultural products	(188,123.83)	(2,861.24)	(604,224.55)	53,869.16
	(5,963,578.89)	96,660.36	(9,461,414.98)	(322,399.30)
Unallocated corporate expenses for changes in the fair value of financial assets measured at fair value through profit and loss				
	101,600.08	(5,892,804.64)	2,641,602.08	(152,400.12)
Financial costs	(120,881.56)	(1,528,135.57)	(168,366.44)	(2,520,552.30)
Undistributed incomes	409,927.78	(134,021.09)	547,990.67	21,247.74
Undistributed expenditures	(1,911,079.14)	(5,335,841.84)	(5,804,654.99)	(9,671,446.02)
Investment incomes of joint ventures	-	(469,511.21)	-	(558,243.21)
Total profit ("-" for total loss)	(7,484,011.73)	(13,263,653.99)	(12,244,843.66)	(13,203,793.21)

29. REMUNERATIONS OF DIRECTORS, MEMBERS OF SUPERVISORY COMMITTEE (THE "SUPERVISORS") AND EMPLOYEES

	1 January to 30 June 2020	1 January to 30 June 2019
Emoluments of Directors and Supervisors	670,051.76	1,742,412.68
Salaries, wages and allowances	4,590,973.16	2,710,322.25
Retirement benefit scheme contributions (excluding Directors and Supervisors)	265,780.85	264,152.74
Total	5,526,805.77	4,716,887.67

30. TRANSACTION BALANCE OF RELATED PARTY

Other receivables of related party

Related party (item)	30 June 2019	31 December 2019
Senior management and director of the Company Zuo Hong	755,813.08	763,838.08
Shareholder of the Company Xi'an Tian An Corporate Management and Consulting Co., Ltd.	-	-
Enterprise controlled by director Shaanxi Tianditong Communication Development Co., Ltd.	288,428.27	288,428.27
Less: Provisions for bad debts	288,428.27	288,428.27
Total	755,813.08	763,838.08

Accounts payable of related party

Related party (item)	30 June 2019	31 December 2019
Shareholder of the Company Xi'an Xiao's Antenna Technologies Co., Ltd.	5,200,000.00	5,200,000.00
Total	5,200,000.00	5,200,000.00

Other accounts payable of related party

Related party (item)	30 June 2019	31 December 2019
Director of the Company		
Xiao Bing	2,338,248.04	1,500,000.00
Chen Ji	3,150,063.11	–
Huang Jing	58,535.30	–
Shareholder of the Company		
Shanghai Gaoxiang Investment Management Co., Ltd.	20,410,000.00	17,400,000.00
Total	25,956,846.45	18,900,000.00

31. LITIGATION

The contract case of transferring the right to use construction land with Xi'an Xiangyu Aviation Technology Co., Ltd.

In 2015, the Company signed a contract for the transfer of state-owned land use right and projects under construction with Xi'an Xiangyu Aviation Technology Co., Ltd. (hereinafter referred to as "Xi'an Xiangyu") to sell the use right for a state-owned land (X.G.X.C.A.Y.G. [2001] No. 007) and the above-ground attachments to the Company at a transfer price of RMB40 million. The Company paid a transfer price of RMB18,546,000 in accordance with the Contract, but Xi'an Xiangyu has not assisted the plaintiff to go through the industrial land transfer registration procedures, and the land is still registered under the name of Xi'an Xiangyu.

After many unsuccessful negotiations by the Company, Xi'an Xiangyu was sued to the Chang'an District People's Court in Xi'an in September 2017. After the court filed the case, Xi'an Xiangyu filed a jurisdiction objection. The court dismissed the suit of Haitian Antenna on the ground that "the defendant fails to provide the clear address of the defendant, causing the failure to deliver the copy of the litigation documents such as the copy of the bill of complaint and summon, and resulting in the inability to proceed with the litigation process". After receiving the ruling of the court, Haitian Antenna filed an appeal to the Xi'an Intermediate People's Court in 2018. On March 29, 2018, the Xi'an Intermediate People's Court heard the appeal, and ruled that the case should continue to be heard by the Chang'an District People's Court on May 2, 2018. On November 14, 2019, the Chang'an District People's Court once again dismissed the appeal on the ground that "the land is still under a detention order and there is a problem of overlapping".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Total Operating Revenue

During the six months ended 30 June 2020, unaudited operating income of approximately RMB3.68 million was significantly decreased by approximately 84% when comparing to RMB23.05 million for the corresponding period in the year of 2019. The decrease was mainly attributable to no income generated from the operating segment of sales of construction related products.

Although the Group did not carry out any marketing and promotion activities due to travel restriction related to novel coronavirus pneumonia pandemic during the six months ended 30 June 2020, the Group actively conducted further live network field tests on dielectric lens antennas in more provinces, cities and regions nationwide, in order to enlarge the market share through product strengths of “reducing cost and increasing efficiency”. At the same time, the Group reallocated and deployed appropriate resources among operating segments to concentrate the market development of dielectric lens antennas, and participated in project bidding for dielectric lens antennas in some provinces with a view to generate more sales revenue in the second half of 2020. Accordingly, approximately RMB0.88 million was come from the operating segment of sales of antennas products and provision of related services, representing approximately 25% of main business income.

Approximately RMB0.81 million was come from the operating segment of sales of UAV products after product improvement, and a further market development was under scheduled.

No revenue was recorded under the operating segment of sales of construction related products because no sales order was received and certain resources were gradually reallocated to other operating segments. After consideration of high price fluctuation and relative low profit margin, the Group would not actively develop the market.

Approximately RMB1.83 million was come from the operating segment of sales of agricultural products, representing approximately 52% of main business income. Comparing to approximately RMB3.54 million for the corresponding period of 2019, the revenue of agricultural was affected by the market environment with decline in price and travel restriction.

Gross Profit

During the six months ended 30 June 2020, unaudited gross loss was approximately RMB0.01 million and gross loss margin was 0.24%, compared to gross profit margin of 1.33% for the corresponding period in the year of 2019. It was mainly attributable to gross loss from the operating segment of sales of agricultural products due to decline in price and travel restriction of agricultural products.

Segment Performance

Selling expenses were slightly increased by approximately 27% from approximately RMB0.14 million for the corresponding period in the year of 2019 to approximately RMB0.17 million for the six months ended 30 June 2020 due to an increment in payroll. Research and development expenses for the six months ended 30 June 2020 were approximately RMB5.36 million which were solely for the development of antenna products.

After allocation of taxes and surcharges, depreciation and amortisation costs under administrative expenses, segment losses were reported in all operating segments as total operating income was not sufficient to cover all fundamental selling expenses, depreciation and amortisation costs for the six months ended 30 June 2020.

Other Costs, Expenses, Gain and Income

Approximately RMB0.73 million was decreased in administrative expenses for the six months ended 30 June 2020 as when compared to the corresponding period in the year of 2019, of which approximately RMB0.58 million was attributable to a decrease in payroll, and approximately RMB0.70 million was attributable to a decrease in intermediation fee for merge and acquisition.

Interest expenses of approximately RMB0.08 million were incurred for the six months ended 30 June 2020 which was mainly attributable to the interest elements of lease liabilities, as the short-term interest-bearing borrowings was approximately RMB1.82 million with interest rate of 1% per annum. The approved specific mandate with aggregate gross proceeds of RMB42.00 million was completed during the six months ended 30 June 2020, amount payable to shareholders was recognised as capital stock and capital reserve without the needs for bank borrowings.

Approximately RMB0.33 million was received from the government as subsidies for the unwell market environment for the six months ended 30 June 2020. Approximately RMB2.64 million was recognised as unrealised gain from changes in fair value of financial assets measured at fair value through profit or loss that the fair value of financial assets measured at fair value through profit or loss represented approximately 23% lower than original acquisition costs.

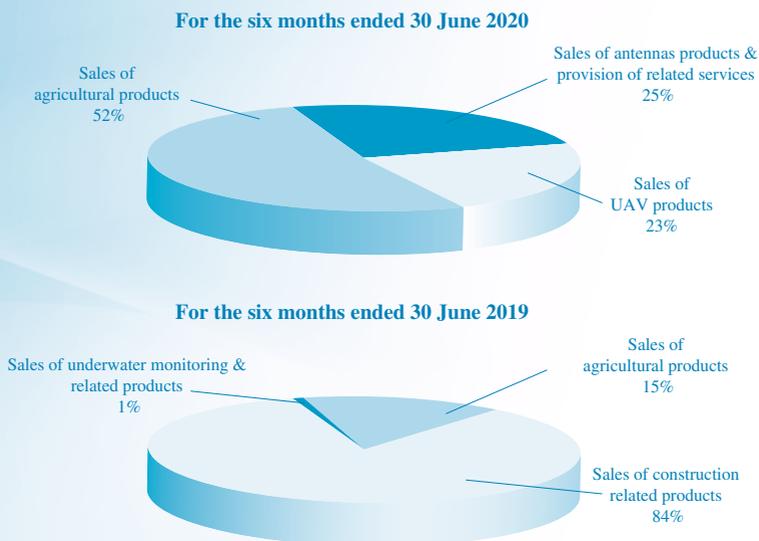
No investment income was recognised in equity method for the six months ended 30 June 2020 as the associate was became a wholly-owned subsidiary by the end of 2019.

Net Loss

Consequently, even though decline in operating income by approximately 84% and gross loss reported in sales of agricultural product, as the result of decrease in finance expenses and significant unrealised gain from changes in fair value of financial assets measured at fair value through profit or loss, net loss for the six months ended 30 June 2020 of approximately RMB12.25 million was reported by the Group, comparing to net loss of approximately RMB13.22 million for the corresponding period in the year of 2019.

Net loss attributable to the shareholders of the parent company was approximately RMB11.94 million after accounting for minority profit and loss in respect of sales of agricultural products.

Composite of the Group's total operating revenue from main business by reportable and operating segments for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in the year of 2019, are provided as follows:



PROSPECTS

In the first half of 2020, the Group remained its focus on mobile communication business while conducting its related businesses. Currently, the Group has set up a master plan for the business of its mobile communication products, i.e. accelerating the marketing campaigns for new artificial dielectric lens antenna while continuing to facilitate mobile communication network optimisation and network maintenance and mobile communication network inspection steadily.

At present, the Group has conducted further live network site testing on dielectric lens antenna in many provinces, cities and regions nationwide, and adjust its product marketing strategies in a timely manner according to the test comparison data and different market application scenarios, and adopts various selling methods to continuously expand the sales coverage of communication antenna products.

According to the feedback from the cooperation with the three major communication operators and related communication manufacturers, the remarkable feature of “reducing cost and increasing efficiency” of the Group’s dielectric lens antenna products has proven to be favoured by customers, and received strong market applause. Hence, in the first half year, the Group further radiated more provinces, cities and regions for live network testing, in the hope that customers could experience the most comprehensive and authentic experience of the superior performance of the Group’s communication antenna products, and expand the market comprehensively leveraging the products’ superior performance. Up to now, the dielectric lens antenna marketing business in certain provinces and cities has entered the bidding stage, and is expected to achieve performance growth of the communication antenna products in the second half year.

At the same time, in the first half of 2020, the TC5WG11 (wireless communication wireless network equipment) working group of China Communications Standards Association, the domestic authoritative communication standardisation organisation, held its 22nd and 23rd meetings, and approved to conduct the “dielectric lens antenna technical requirements and measurement methods” project at the 23rd meeting. The next step will be the comprehensive development of the industry standards for dielectric lens antenna technology. As a member of the China Communications Standards Association, by virtue of its independently-developed and matured artificial dielectric lens products, the Group will work with other association members to formulate the technical industry standards for dielectric lens antenna products. The Group’s participation in formulating the dielectric lens antenna industry standards will not only demonstrate the wide industry recognition of the dielectric lens antenna products, but it will also enhance the influence of the Group’s dielectric lens antenna products in the industry. At the same time, it will also deepen the communication and cooperation of dielectric lens antenna products, and facilitate its technological innovation and product upgrade while promoting the development of the Group’s mobile communication business.

While focusing on mobile communications business development, the Group will continue to adhere to the diversified development strategy to steadily propel the Group’s aerospace, marine related and other businesses, and continue to strengthen its research and development and market development.

With regard to the capital required for diversified operation, based on the needs of its business development, the Company will carry out financing activities when appropriate through additional issuance of shares, bank borrowings, revitalizing existing assets of the Group and other financing channels to ensure the Company's operation and development momentum.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period, the Group was mainly financed by funds generated from operations, issue of shares, short-term borrowings, and lease liabilities under right-of-use assets. The short-term borrowings were mainly for daily operations and the lease liabilities were solely used for financing those assets and services under operating leases of the Group during the year. As at 30 June 2020, the Group had the short-term borrowings of approximately RMB3.89 million which were repayable within one year, and the lease liabilities of approximately RMB2.23 million which were classified in accordance with the lease terms.

During the period, the interest-bearing borrowings borne interest rate of 1% per annum and the lease liabilities borne interest rate of 7.13% per annum. Majority of debts for operations were denominated in RMB during the year, the Directors consider that exposure to interest rate risk and foreign exchange risk was minimal.

As at 30 June 2020, the gearing ratio of the Group was approximately 6.27% (2019: 11.44%), which is calculated based on the sum of total interest-bearing borrowings and lease liabilities over the total shareholders' equity attributable to the parent company.

Cash and cash equivalents decreased approximately from RMB5.68 million to RMB3.22 million. As at 30 June 2020, no bank deposit was pledged to secure any operations and liabilities of the Group.

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2020, the Group was not exposed to any significant foreign exchange risk as majority of the Group's transactions were denominated in RMB, no financial instruments for hedging was employed.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries and financial assets at fair value through profit and loss, the Group did not hold any significant investment for the year ended 30 June 2020.

Details of financial assets at fair value through profit or loss are as follows:

As at 30 June 2020, an aggregate of 5,080,004 ordinary shares (“**Cloud Live Shares**”) of nominal value of RMB1 each in the issued share capital of Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司) (“**Cloud Live**”) were held by the Group, representing approximately 0.60% of the total issued share capital of Cloud Live, and the fair value of Cloud Live Shares was approximately RMB15.44 million, representing approximately 13.03% of total assets of the Group. Comparing to the aggregate consideration for the acquisition of Cloud Live Shares of approximately RMB20.01 million, an accumulated loss from changes in fair value of financial assets measured at fair value through profit or loss of approximately RMB4.56 million was recognised. Mr. Chen Ji, an executive Director, and Ms. Huang Jing, a non-executive Director, are the directors of Cloud Live, and Mr. Chen Ji and his associates directly and indirectly held approximately 23.81% of the total issued share capital of Cloud Live.

No dividend was declared by or received from Cloud Live, but approximately RMB2.64 million was recognised as gain from changes in fair value of financial assets measured at fair value through profit or loss during the six months ended 30 June 2020.

On 7 July 2020, 1,000,000 Cloud Live Shares were sold at approximately RMB2.91 million for financing operation purposes. Accordingly, approximately RMB0.13 million was recognised as an investment loss.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the paragraph headed “Significant Investment Held” above, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and affiliated companies during the six months ended 30 June 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 74 (2019: 48) full-time employees. Total staff costs for the six months ended 30 June 2020 amounted to approximately RMB5.53 million (2019: RMB4.72 million), including remuneration of the Directors and the Supervisors. All employees of the Group are eligible to participate in the defined contribution retirement schemes required by the law. The Group reviews employee remuneration from time to time and the increments in remuneration are normally granted annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance. Bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group has not granted any share options to the Directors and its employees. A comprehensive career development programme is launched for all employees which provides diversified part-time training opportunities in accordance with the needs of their positions and specialities.

CHARGES ON GROUP ASSETS

As at 30 June 2020, no assets of the Group were pledged for its operations and liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 30 June 2020, the Group had no material capital expenditure contracted for but not provided in the consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities.

Issue of 200,000,000 domestic shares under specific mandate

Particulars of issue (more particularly described in the circular of the Company dated 2 February 2018)

Date of subscription agreements:	10 October 2017
Closing price per H share:	HK\$7.400 as quoted on date of subscription agreements
Subscription price per domestic share:	RMB0.21 (equivalent to approximately HK\$0.248, representing a discount of approximately 96.65% to the closing price per H Share)
Subscribers:	Shanghai Gaoxiang Investment Management Company Limited* (上海高湘投資管理有限公司), Mr. Xiao Bing (肖兵先生), Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生)

Proposed use of net proceeds	Approximate amount of net proceeds raised – after reallocation (million)	Previously utilised (million)	Approximate amount of net proceeds utilised Utilised during the year (million)	Total utilised (million)	Approximate amount of net proceeds unutilised (million)
The research and development, trial production, production, marketing and general working expenses of new models of antennas including antennas manufactured by the use of new materials, WIFI antennas and 5G antennas	RMB39.10	RMB39.10	RMB0.00	RMB39.10	RMB0.00
The research and development, trial production, production, marketing and general working expenses of heavy-lift unmanned gyroplane and mini commanding and monitoring unmanned gyroplane	RMB1.40	RMB1.39	RMB0.01	RMB1.40	RMB0.00
The research and development, trial production, production, marketing and general working expenses of underwater surveillance equipment	RMB0.50	RMB0.50	RMB0.00	RMB0.50	RMB0.00
Total	RMB41.00	RMB40.99	RMB0.01	RMB41.00	RMB0.00

Although the subscription price was fully received by the Company, 200,000,000 domestic shares were not allotted and issued to the subscribers during the year as the required documents and procedures were completed on 12 March 2020.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the Directors, Supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong) had applied to the Supervisors) and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in domestic shares of the Company ("Domestic Shares")

Name of person	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Mr. Xiao Bing (肖兵先生)	Beneficial owner, family member interest and interest in controlled corporation	550,832,335 (Note 1)	44.00%	29.03%
Mr. Chen Ji (陳繼先生)	Interest in controlled corporation	273,344,804 (Note 2)	21.84%	14.40%

Long positions in H shares of the Company (“H Shares”)

Name of person	Capacity	Number of H Shares	Approximate % in total issued H Shares	Approximate % in total issued Shares
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.53%
Mr. Chen Ji (陳繼先生)	Beneficial owner and interest in controlled corporation	46,071,000 (Note 3)	7.13%	2.43%
Ms. Lu Lihua (陸麗華女士)	Beneficial owner	14,000 (Note 4)	<0.01%	<0.01%

Short positions in H Shares

Name of person	Capacity	Number of underlying H Shares	Approximate % in total issued H Shares	Approximate % in total issued Shares
Mr. Chen Ji (陳繼先生)	Interest in controlled corporation	36,300,000 (Note 5)	5.62%	1.91%

Notes:

- 328,363,637 Domestic Shares are held by Xi'an Tian An Corporate Management and Consulting Co., Ltd.* (西安天安企業管理諮詢有限公司) (“Tian An Corporate”), which is beneficially owned as to 60% by Mr. Xiao Bing (肖兵先生) and 40% by his spouse Ms. Chen Jing (陳靜女士). 157,468,698 Domestic Shares are held by Xi'an Xiao's Antenna Technologies Co., Ltd.* (西安肖氏天綫科技有限公司) (“Xiao Antenna”), which is beneficially owned as to 70% by his father Professor Xiao Liangyong (肖良勇教授) and as to 30% by his spouse Ms. Chen Jing. By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 and 157,468,698 Domestic Shares. 65,000,000 Domestic Shares are held by Mr. Xiao Bing.
- 254,844,804 Domestic Shares are held by Shanghai Gaoxiang Investment Management Co., Ltd.* (上海高湘投資管理有限公司) (“Gaoxiang Investment”), which is beneficially owned by Mr. Chen Ji (陳繼先生) and his spouse Ms. Sun Xiangjun (孫湘君女士) in equal share. 18,500,000 Domestic Shares are held by Shanghai Hongzhen Ningshang Investment Management Partnership (limited partnership)* (上海泓甄寧尚投資管理合夥企業(有限合夥)) (“Shanghai Hongzhen Ningshang”), which is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment Management Co., Ltd.* (上海泓甄投資管理有限公司) (“Shanghai Hongzhen Investment”), and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 254,844,804 and 18,500,000 Domestic Shares.

3. 9,771,000 H Shares are held by Mr. Chen Ji. 36,300,000 H Shares are held in investment products issued by Guotai Junan Financial Products Limited (“Guotai Junan Financial”), which is beneficially owned by Guotai Junan International Holdings Limited (“Guotai Junan International”). Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings Limited (“Guotai Junan Holdings”), which is beneficially owned by Guotai Junan Securities Co., Ltd (“Guotai Junan Securities”). Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司) (“Zhongrong International”), an investment manager of Gaoxiang Investment, holds such investment products issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 36,300,000 H Shares.
4. Ms. Lu Lihua (陸麗華女士) is a staff Supervisor.
5. Short position in 36,300,000 underlying H Shares are derived from unlisted and cash settled derivatives issued by Guotai Junan Financial, which is beneficially owned by Guotai Junan International. Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings, which is beneficially owned by Guotai Junan Securities. Zhongrong International, an investment manager of Gaoxiang Investment, holds such unlisted and cash settled derivatives issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, Mr. Chen Ji is deemed to have short position in the same 36,300,000 underlying H Shares.

Saved as disclosed above, as at 30 June 2020, none of the Directors, Supervisors and chief executives of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2020, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons/entities (other than the Directors, Supervisors or chief executive of the Company) who/which 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/which 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/which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in Domestic Shares

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Ms. Chen Jing (陳靜女士)	Spouse interest and interest in controlled corporation	550,832,335 (Note 1)	44.00%	29.03%
Professor Xiao Liangyong (肖良勇教授)	Family member interest and interest in controlled corporation	550,832,335 (Note 1)	44.00%	29.03%
Tian An Corporate	Beneficial owner	328,363,637 (Note 1)	26.23%	17.30%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	273,344,804 (Note 2)	21.84%	14.40%
Gaoxiang Investment	Beneficial owner	254,844,804 (Note 2)	20.36%	13.43%
Xiao Antenna	Beneficial owner	157,468,698 (Note 1)	12.58%	8.30%

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司)	Beneficial owner	100,000,000	7.99%	5.27%
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司)	Beneficial owner	75,064,706 <i>(Note 3)</i>	5.99%	3.96%
Ms. Wang Zengdi (王增娣女士)	Interest in controlled corporation	75,064,706 <i>(Note 3)</i>	5.99%	3.96%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司)	Beneficial owner	70,000,000 <i>(Note 4)</i>	5.59%	3.69%
Mr. Wang Yun (王贇先生)	Interest in controlled corporation	70,000,000 <i>(Note 4)</i>	5.59%	3.69%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心)	Beneficial owner	54,077,941 <i>(Note 5)</i>	4.32%	2.85%
Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司)	Interest in controlled corporation	54,077,941 <i>(Note 5)</i>	4.32%	2.85%
Ms. Jin Rongfei (金嶸霏女士)	Beneficial owner	50,000,000	3.99%	2.64%
Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司)	Beneficial owner	20,000,000	1.60%	1.05%

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Mr. Zhang Jiandong (張建東先生)	Beneficial owner	20,000,000	1.60%	1.05%
Shanghai Hongzhen Ningshang	Beneficial owner	18,500,000 (Note 2)	1.48%	0.97%
Shanghai Ruikou Commerce and Trading Ltd.* (上海睿寇商貿有限公司)	Beneficial owner	18,500,000	1.48%	0.97%
Mr. Jiao Chengyi (焦成義先生)	Beneficial owner	10,943,030	0.87%	0.58%
Mr. Liao Kang (廖康先生)	Beneficial owner	9,101,478	0.73%	0.48%

Long positions in H Shares

Name of person/entity	Capacity	Number of H Shares (Note 6)	Approximate % in total issued H Shares	Approximate % in total issued Shares
Huang Li Hou (黃李厚)	Beneficial owner	85,100,000	13.18%	4.48%
Ms. Chen Wei (陳瑋女士)	Beneficial owner and interest in controlled corporation	70,897,000 (Note 7)	10.98%	3.74%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司)	Beneficial owner	70,752,000 (Note 7)	10.96%	3.73%
Oceanic Bliss Holdings Limited (海祥控股有限公司)	Interest in controlled corporation	70,752,000 (Note 7)	10.96%	3.73%

Name of person/entity	Capacity	Number of H Shares (Note 6)	Approximate % in total issued H Shares	Approximate % in total issued Shares
Zeal Warrior Investments Limited	Interest in controlled corporation	70,752,000 (Note 7)	10.96%	3.73%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	46,071,000 (Note 9)	7.13%	2.43%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 (Note 8)	6.50%	2.21%
Huang Wei Wen (黃偉汶)	Interest in controlled corporation	42,000,000 (Note 8)	6.50%	2.21%
Guotai Junan Financial	Issuer of investment products	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan International	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan Holdings	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan Securities	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Zhongrong International	Investment manager	36,300,000 (Note 9)	5.62%	1.91%
Gaoxiang Investment	Beneficial owner	36,300,000 (Note 9)	5.62%	1.91%

Short positions in H Shares

Name of person/entity	Capacity	Number of underlying H Shares (Note 6)	Approximate % in total issued H Shares	Approximate % in total issued Shares
Guotai Junan Financial	Issuer of unlisted and cash settled derivatives	36,300,000 (Note 10)	5.62%	1.91%
Guotai Junan International	Interest in controlled corporation	36,300,000 (Note 10)	5.62%	1.91%
Guotai Junan Holdings	Interest in controlled corporation	36,300,000 (Note 10)	5.62%	1.91%
Guotai Junan Securities	Interest in controlled corporation	36,300,000 (Note 10)	5.62%	1.91%
Zhongrong International	Investment manager	36,300,000 (Note 10)	5.62%	1.91%
Gaoxiang Investment	Beneficial owner	36,300,000 (Note 10)	5.62%	1.91%
Ms. Sun Xiangjun (孫湘君女士)	Interest in controlled corporation	36,300,000 (Note 10)	5.62%	1.91%

Notes:

- 328,363,637 Domestic Shares are held by Tian An Corporate, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by his spouse Ms. Chen Jing. 157,468,698 Domestic Shares are held by Xiao Antenna, which is beneficially owned as to 70% by his father Professor Xiao Liangyong and as to 30% by his spouse Ms. Chen Jing. 65,000,000 Domestic Shares are held by Mr. Xiao Bing. By virtue of the SFO, each of Ms. Chen Jing and Professor Xiao Liangyong is deemed to be interested in the same 328,363,637, 157,468,698 and 65,000,000 Domestic Shares.
- 254,844,804 Domestic Shares are held by Gaoxiang Investment, which is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. 18,500,000 Domestic Shares are held by Shanghai Hongzhen Ningshang, which is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment, and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Ms. Sun Xiangjun is deemed to be interested in the same 254,844,804 and 18,500,000 Domestic Shares.
- 75,064,706 Domestic Shares are held by Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司), which is beneficially owned by as to 60% by Ms. Wang Zengdi (王增娣女士). By virtue of the SFO, Ms. Wang Zengdi is deemed to be interested in the same 75,064,706 Domestic Shares.

4. 70,000,000 Domestic Shares are held by Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司), which is beneficially owned as to 50% by Mr. Wang Yun (王贇先生). By virtue of the SFO, Mr. Wang Yun is deemed to be interested in the same 70,000,000 Domestic Shares.
5. 54,077,941 Domestic Shares are held by Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) ("Beijing Holdings"). By virtue of the SFO, Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司), which holds more than one third of voting rights of Beijing Holdings, is deemed to be interested in the same 54,077,941 Domestic Shares.
6. Details of these shareholders of the Company are based on information as set out in the website of the Stock Exchange and notified by the Disclosure of Interests Online System of the Stock Exchange.
7. 145,000 H Shares are held by Ms. Chen Wei (陳瑋女士) who is beneficial owner of Zeal Warrior Investments Limited ("Zeal Warrior"). 70,752,000 H Shares are held by Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司), which is beneficially owned by Oceanic Bliss Holdings Limited (海祥控股有限公司) ("Oceanic Bliss"), and Oceanic Bliss is beneficially owned by Zeal Warrior. By virtue of the SFO, each of Ms. Chen Wei, Oceanic Bliss and Zeal Warrior is deemed to be interested in the same 70,752,000 H Shares.
8. 42,000,000 H Shares are held by Clear Renown Global Limited (朗譽環球有限公司), which is beneficially owned by Huang Wei Wen (黃偉汶). By virtue of the SFO, Huang Wei Wen is deemed to be interested in the same 42,000,000 H Shares.
9. 9,771,000 H Shares are held by Mr. Chen Ji. 36,300,000 H Shares are held in investment products issued by Guotai Junan Financial, which is beneficially owned by Guotai Junan International. Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings, which is beneficially owned by Guotai Junan Securities. Zhongrong International, an investment manager of Gaoxiang Investment, holds such investment products issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, Ms. Sun Xiangjun is deemed to be interested in the same 9,771,000 and 36,300,000 H Shares, and each of Guotai Junan International, Guotai Junan Holdings, Guotai Junan Securities, Zhongrong International and Gaoxiang Investment is deemed to be interested in the same 36,300,000 H Shares.
10. Short position in 36,300,000 underlying H Shares are derived from unlisted and cash settled derivatives issued by Guotai Junan Financial, which is beneficially owned by Guotai Junan International. Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings, which is beneficially owned by Guotai Junan Securities. Zhongrong International, an investment manager of Gaoxiang Investment, holds such unlisted and cash settled derivatives issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, each of Guotai Junan International, Guotai Junan Holdings, Guotai Junan Securities, Zhongrong International, Gaoxiang Investment and Ms. Sun Xiangjun is deemed to have short position in the same 36,300,000 underlying H Shares.

Saved as disclosed above, as at 30 June 2020, the Directors, Supervisors and chief executives of the Company were not aware of any other person/entity (other than the Directors, Supervisors or chief executive of the Company) who/which had, or is 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/which was or is 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/which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As at 30 June 2020, 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 H Shares (or warrants or debentures, if applicable) or to acquire H Shares.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

COMPETING INTERESTS

None of the Directors, the Supervisors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an interest in any business which competes or may compete, directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2020, the Company has complied with the requirements of the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2020, the Company adopted a code of conduct regarding securities transactions by Directors on terms which are same as the required standard of dealings as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard for dealings and the code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) was established on 4 April 2003 with terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control systems, audit issues and operating risk management of the Group. As at 30 June 2020, the Audit Committee comprised of Professor Shi Ping and Professor Lei Zhenya, independent non-executive Directors, and Ms. Huang Jing, a non-executive Director. The Group’s unaudited consolidated results for the six months ended 30 June 2020 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board
**Xi’an Haitian Antenna
Technologies Co., Ltd.***
Xiao Bing
Chairman

Xi’an, the People’s Republic of China, 7 August 2020

As at the date of this report, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Chen Ji (陳繼先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Zuo Hong (左宏先生), Ms. Huang Jing (黃婧女士) and Mr. Yan Weimin (燕衛民先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Professor Shi Ping (師萍教授), Mr. Tu Jijun (涂繼軍先生) and Professor Lei Zhenya (雷振亞教授) being independent non-executive Directors.

This report will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.xaht.com>.

* For identification purposes only