



**西安海天天實業股份有限公司**

**XI'AN HAITIANTIAN HOLDINGS CO., LTD.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8227)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**CHARACTERISTICS OF THE 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 Xi’an Haitiantian Holdings Co., Ltd.\* (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purposes only

## HIGHLIGHTS

- During the six months ended 30 June 2018, unaudited gross profit was approximately RMB0.19 million and gross profit margin was 1.1% which represented a further decrease when compared to the gross profit margin of 2.2% for the corresponding period in 2017.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

## CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of Directors of the Company (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 2018, together with the unaudited comparative figures for the corresponding period in the year 2017 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	(Unaudited) For the three months ended 30 June		(Unaudited) For the six months ended 30 June	
		2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	3	15,074	25,144	16,880	25,969
Cost of sales		(14,993)	(24,834)	(16,694)	(25,408)
Gross profit		81	310	186	561
Other revenue		228	116	393	418
Unrealised gain (loss) on fair value changes of held for trading investments		1,422	–	(6,096)	–
Distribution costs		(119)	(263)	(238)	(478)
Administrative expenses		(5,718)	(4,209)	(10,799)	(8,154)
Finance costs		4	(155)	(15)	(316)
Loss before tax		(4,102)	(4,201)	(16,569)	(7,969)
Income tax expense	4	–	(5)	–	(5)
Loss and total comprehensive expense for the period	5	<u>(4,102)</u>	<u>(4,206)</u>	<u>(16,569)</u>	<u>(7,974)</u>
Attributable to:					
– Owners of the Company		(4,041)	(4,144)	(16,499)	(7,940)
– Non–controlling interests		(61)	(62)	(70)	(34)
		<u>(4,102)</u>	<u>(4,206)</u>	<u>(16,569)</u>	<u>(7,974)</u>
Loss per share					
– Basic and diluted (in RMB cents)	7	<u>(0.26)</u>	<u>(0.27)</u>	<u>(1.08)</u>	<u>(0.52)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at <b>30 June 2018</b> <i>RMB'000</i>	(Audited) As at 31 December 2017 <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Plant and equipment	8	13,686	11,908
Intangible assets		6,128	6,764
Deposits paid for acquisition of non-current assets	9	18,546	20,429
Prepayments		—	384
		<b>38,360</b>	39,485
<b>Current assets</b>			
Held for trading investments	10	19,050	25,146
Inventories		1,206	2,052
Trade receivables	11	658	700
Deposits, other receivables and prepayments		6,143	6,233
Amounts due from related parties	12	463	230
Amounts due from directors	13	808	815
Bank balances and cash		15,001	14,811
		<b>43,329</b>	49,987
<b>Current liabilities</b>			
Trade payables	14	8,426	7,126
Other payables and accrued charges		5,992	9,966
Tax payable		1,460	-
Amounts due to shareholders	15	14,700	4,700
		<b>30,578</b>	21,792
<b>Net current assets</b>		<b>12,751</b>	28,195
<b>Net assets</b>		<b>51,111</b>	67,680
<b>Capital and reserves</b>			
Share capital		153,106	153,106
Reserves		(104,751)	(88,252)
<b>Equity attributable to owners of the Company</b>		<b>48,355</b>	64,854
<b>Non-controlling interest</b>		<b>2,756</b>	2,826
<b>Total equity</b>		<b>51,111</b>	67,680

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company							(Unaudited) Non- controlling interests RMB'000	(Unaudited) Total RMB'000
	(Unaudited) Share capital RMB'000	(Unaudited) Share premium RMB'000	(Unaudited) Statutory surplus reserve RMB'000	(Unaudited) Other reserve RMB'000	(Unaudited) Accumulated losses RMB'000	(Unaudited) Sub-total RMB'000	(Unaudited) RMB'000		
At 1 January 2017	153,106	115,390	16,153	15,856	(218,969)	81,536	2,898	84,434	
Loss and total comprehensive expense for the period	-	-	-	-	(7,940)	(7,940)	(34)	(7,974)	
At 30 June 2017	<u>153,106</u>	<u>115,390</u>	<u>16,153</u>	<u>15,856</u>	<u>(226,909)</u>	<u>73,596</u>	<u>2,864</u>	<u>76,460</u>	
At 1 January 2018	153,106	115,390	16,153	15,856	(235,651)	64,854	2,826	67,680	
Loss and total comprehensive expense for the period	-	-	-	-	(16,499)	(16,499)	(70)	(16,569)	
At 30 June 2018	<u>153,106</u>	<u>115,390</u>	<u>16,153</u>	<u>15,856</u>	<u>(252,150)</u>	<u>48,355</u>	<u>2,756</u>	<u>51,111</u>	

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	(Unaudited) 2018 <i>RMB'000</i>	(Unaudited) 2017 <i>RMB'000</i>
Net cash used in from operating activities	<u>(6,538)</u>	<u>(31,076)</u>
Investing activities		
(Advance to) repayment from related parties	(233)	26,501
Purchase of plant and equipment	(3,045)	(4,044)
Other investing cash flows	<u>14</u>	<u>123</u>
Net cash (used in) from investing activities	<u>(3,264)</u>	<u>22,580</u>
Financing activities		
Advance from shareholders	10,000	–
Repayment of bank and other borrowings	–	(5,000)
Other financing cash flows	<u>(8)</u>	<u>(346)</u>
Net cash from (used in) financing activities	<u>9,992</u>	<u>(5,346)</u>
Net increase (decrease) in cash and cash equivalents	190	(13,842)
Cash and cash equivalents at the beginning of period	<u>14,811</u>	<u>36,269</u>
Cash and cash equivalents at the end of period, represented bank balances and cash	<u><u>15,001</u></u>	<u><u>22,427</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2018*

## 1. BASIS OF PREPARATION

The Company is a joint stock limited company established in the People's Republic of China (the "PRC") and the H shares of the Company are listed on the GEM of the Stock Exchange.

The Group is principally engaged in research and development, manufacture and sale of base station antennas and related products, underwater and underground surveillance, imaging, mechanical equipment, complicated environment warning and surveillance equipment, and agricultural and forestry used unmanned aerial vehicles, provision of consultancy services and sales of agricultural products.

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2017.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts, sales related taxes.

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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 30 June</b>		<b>ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>				
Sales of antennas products and related services	<b>(1)</b>	957	<b>888</b>	961
Sales of underwater surveillance and related products	<b>(2)</b>	96	<b>(2)</b>	96
Sales of unmanned aerial products	<b>905</b>	365	<b>905</b>	774
Sales of construction related products	<b>14,130</b>	23,591	<b>14,130</b>	23,591
Provision of consultancy services	<b>-</b>	-	<b>-</b>	-
Others, including sales of agricultural products	<b>42</b>	135	<b>959</b>	547
	<b>15,074</b>	25,144	<b>16,880</b>	25,969
<b>Segment profit (loss)</b>				
Sales of antennas products and related services	<b>(392)</b>	(132)	<b>(734)</b>	79
Sales of underwater surveillance and related products	<b>(28)</b>	-	<b>(59)</b>	(67)
Sales of unmanned aerial products	<b>(703)</b>	147	<b>(753)</b>	204
Sales of construction related products	<b>29</b>	71	<b>(51)</b>	71
Provision of consultancy services	<b>-</b>	-	<b>-</b>	-
Others, including sales of agricultural products	<b>(156)</b>	47	<b>(96)</b>	29
	<b>(1,250)</b>	133	<b>(1,693)</b>	316
Unallocated other revenue	<b>201</b>	2	<b>305</b>	2
Unallocated gain (loss) on fair value changes of held for trading investments	<b>1,422</b>	-	<b>(6,096)</b>	-
Unallocated corporate expenses	<b>(4,479)</b>	(4,181)	<b>(9,070)</b>	(7,971)
Finance costs	<b>4</b>	(155)	<b>(15)</b>	(316)
	<b>(4,102)</b>	(4,201)	<b>(16,569)</b>	(7,969)

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, certain other revenue, unrealised gain on fair value changes of held for trading investments and finance costs.

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

	<b>(Unaudited)</b>	(Unaudited)
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2018</b>	2017
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets		
Sales of antennas products and related services	<b>23,645</b>	1,752
Sales of underwater surveillance and related products	<b>1,014</b>	838
Sales of unmanned aerial products	<b>9,360</b>	39,656
Sales of construction related products	<b>5,941</b>	1,509
Provision of consultancy services	–	–
Others, including sales of agricultural products	<b>4,533</b>	3,068
	<b>44,493</b>	46,823
Unallocated assets	<b>37,196</b>	42,649
Total assets	<b>81,689</b>	89,472
Segment liabilities		
Sales of antennas products and related services	<b>13,650</b>	8,575
Sales of underwater surveillance and related products	<b>398</b>	306
Sales of unmanned aerial products	<b>177</b>	7,767
Sales of construction related products	<b>12</b>	112
Provision of consultancy services	–	–
Others, including sales of agricultural products	<b>109</b>	74
	<b>14,346</b>	16,834
Unallocated liabilities	<b>16,232</b>	4,958
Total liabilities	<b>30,578</b>	21,792



All assets are allocated to operating segments other than held for trading investments, certain amounts due from related parties and directors, bank balances and cash and certain corporate assets. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual reportable segments.

All liabilities are allocated to operating segments other than tax payable, amounts due to shareholders and certain corporate liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

Analysis of Group's revenue by geographical location:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 30 June</b>		<b>ended 30 June</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
The PRC (country of domicile)	<b>15,074</b>	25,144	<b>16,880</b>	25,969
Other Asia countries excluding the PRC	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<b><u>15,074</u></b>	<b><u>25,144</u></b>	<b><u>16,880</u></b>	<b><u>25,969</u></b>

No analysis of the Group's assets and liabilities by geographical location is presented as the majority of the Group's assets and liabilities are located in the PRC.

#### **4. INCOME TAX EXPENSE**

No provision for Hong Kong Profits Tax has been made as the Group did not generate assessable profits in Hong Kong for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% for both periods.

## 5. LOSS FOR THE PERIOD

	(Unaudited)		(Unaudited)	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period has been arrived at after charging (crediting):				
Depreciation for plant and equipment	742	196	1,471	439
Amortisation of intangible assets (included in administrative expenses)	<u>740</u>	<u>4</u>	<u>744</u>	<u>7</u>
Total depreciation and amortisation	<u>1,482</u>	<u>200</u>	<u>2,215</u>	<u>446</u>
Auditors' remuneration				
– audit services	30	–	30	–
– other services	–	–	–	–
Staff costs				
– Emoluments of Directors and members of supervisory committee (the “Supervisors”)	1,019	546	2,047	1,093
– Salaries, wages and other benefits	1,188	1,031	2,675	2,093
– Retirement benefit scheme contributions (excluding Directors and Supervisors)	<u>229</u>	<u>173</u>	<u>445</u>	<u>349</u>
Total staff costs	<u>2,436</u>	<u>1,750</u>	<u>5,167</u>	<u>3,535</u>
Amount of inventories recognised as an expense	14,993	24,834	16,694	25,408
Exchange loss (gain), net	(5)	–	(89)	–
Minimum lease payments paid under operating leases rentals in respect of rented office premises	458	71	726	279
Research and development costs recognised as an expense	189	160	389	322
Interests on bank and other borrowings wholly repayable within five years	<u>–</u>	<u>168</u>	<u>–</u>	<u>329</u>
Interest income	<u>10</u>	<u>18</u>	<u>14</u>	<u>30</u>

## 6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: nil).

## 7. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the unaudited loss for the three months and six months ended 30 June 2018 attributable to owners of the Company of RMB4,041,000 and RMB16,499,000 respectively (2017: RMB4,144,000 and RMB7,940,000 respectively) and the weighted average number of 1,531,058,824 (2017: 1,531,058,824) ordinary shares in issue during the period. The weighted average number of ordinary shares is the number of ordinary shares in issue at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor.

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

## 8. PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB3.05 million (2017: RMB4.04 million) on acquisition of plant and equipment, of which approximately RMB2.15 million was for construction of operating segment of sales of unmanned aerial products.

## 9. DEPOSITS PAID FOR ACQUISITION OF NON-CURRENT ASSETS

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Deposit for acquisition of leasehold land and building	18,546	18,546
Deposit for acquisition of plant and equipment	—	1,883
	<u>18,546</u>	<u>20,429</u>

The Group acquired a piece of leasehold land and buildings for office premises at Xi'an at a cash consideration of RMB40.00 million and the acquisition has not been accomplished as at 30 June 2018 as the transfer of land title has not yet completed.

## 10. HELD FOR TRADING INVESTMENTS

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Listed securities		
– Equity securities listed in the PRC	<u>19,050</u>	<u>25,146</u>

## 11. TRADE RECEIVABLES

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	41,479	52,961
Less: allowance for impairment loss	<u>(40,821)</u>	<u>(52,261)</u>
	<u>658</u>	<u>700</u>

The Group allows a credit period ranging from 5 to 240 days (2017: 5 to 240 days) to its trade customers. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables, net of allowance for impairment loss, presented based on the invoice dates, which approximate the respective revenue recognition dates, at the end of the reporting period:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	564	679
61 to 120 days	–	21
121 to 180 days	94	–
181 to 365 days	<u>–</u>	<u>–</u>
	<u>658</u>	<u>700</u>

At the end of each reporting period, the Group's trade receivables were individually determined to be impaired. The trade receivables are determined to be impaired based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss was recognised.

## 12. AMOUNTS DUE FROM RELATED PARTIES

		(Unaudited)	(Audited)
		As at	As at
	Maximum	30 June	31 December
	outstanding	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
陝西天地通通信發展有限公司(「陝西天地通」)	<u>463</u>	<u>463</u>	<u>230</u>
		<u>463</u>	<u>230</u>

The amounts are unsecured, interest-free and repayable on demand.

Zuo Hong is the non-executive Director and the substantial shareholder of 陝西天地通, of which is owned as to 90% by Zuo Hong for both reporting dates.

## 13. AMOUNTS DUE FROM DIRECTORS

		(Unaudited)	(Audited)
		As at	As at
	Maximum	30 June	31 December
	outstanding	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Zuo Hong	<u>815</u>	<u>808</u>	<u>815</u>
		<u>808</u>	<u>815</u>

The amounts are unsecured, interest-free and repayable on demand.

#### 14. TRADE PAYABLES

The following is an aging analysis of trade payables, presented based on the invoice dates, at the end of the reporting period:

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	275	66
61 to 120 days	81	90
121 to 365 days	594	324
Over 365 days	7,476	6,646
	<u>8,426</u>	<u>7,126</u>

The average credit period on purchases of goods is 90 days (2017: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

#### 15. AMOUNTS DUE TO SHAREHOLDERS

The amounts are unsecured, interest-free and for the purposes of approved specific mandate.

#### 16. CAPITAL COMMITMENTS

	(Unaudited)	(Audited)
	As at	As at
	30 June	31 December
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of contracted for but not provided in the condensed consolidated financial statements:		
Acquisition of property, plant and equipment	21,454	21,454
Acquisition of an associate	1,000	2,000
	<u>22,454</u>	<u>23,454</u>

## 17. LITIGATION

As at the end of reporting date, the Group has the following outstanding litigation cases:

- (a) During the year ended 31 December 2015, 西安厚普智能工程有限責任公司 (“the Plaintiff A”) filed a writ against 海天投資, a related company of the Group, for the outstanding building construction fee of RMB606,000 and against the Company for joint responsibility. In 2015, the People’s Court concluded the related company was liable for the claim but the Company is not liable to the joint responsibility. The related company appealed the case on 18 May 2015. After retrial, the People’ Court dismissed all the claims from the Plaintiff A and the Plaintiff A appealed against the retrial judgement. On 8 June 2018, the People’s Court reaffirmed the original judgement in 2015 and the related company’s appeal was accepted by Xi’an Intermediate People’s Court.

No provision was made for this case as the Directors consider that legal conclusion would state unchanged and be favour to the Company. Therefore no provision has been recognised in this regard.

- (b) Pursuant to the sale and purchase agreement dated 21 August 2015, the Group acquired a piece of leasehold land and buildings from 西安翔宇航空科技股份有限公司 (the “Defendant A”) situated in Xi’an, Shaanxi Province, the PRC, at a consideration of RMB40,000,000. During the year ended 31 December 2016, an initial deposit for the acquisition of leasehold land and buildings of RMB18,546,000 has been paid in accordance the sale and purchase agreement, but the Defendant A failed to assist the Group for the transfer of the land ownership. After several unsuccessful negotiations with the Defendant A, the Group has filed a writ to the Xi’an Chang’an District People’s Court against the Defendant A in September 2017. However, the Xi’an Chang’an District People’s Court dismissed the Group’s prosecution with the grounds that the clear address of the defendant A was not provided by the Group which resulted in the failure to deliver the litigation documents such as the copy of the complaint and the trial summons in order to carry out the proceedings accordingly. After receiving the judgement, the Group filed an appeal to the Xi’an Intermediate People’s Court which ruled on 29 March 2018 that the Xi’an Chang’an District People’s Court should continue to hear the case. As at 30 June 2018, the notice of the Xi’an Chang’an District People’s Court has not yet been received.

The directors of the Company consider the legal conclusion and concluded that the transfer of the land ownership is still highly probable.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Revenue

During the six months ended 30 June 2018, unaudited revenue of approximately RMB16.88 million was decreased by approximately 35% when comparing to RMB25.97 million for the corresponding period in 2017. The significant decline in revenue under the operating segment of sales of construction related products was the main reason for the decrease.

As products review, upgrading and integration in respect of the operating segments of sales of antenna products and related services, sales of underwater surveillance and related products, and sales of unmanned aerial products were carried out after product development in 2017 in order to update product information to customers during the six months ended 30 June 2018, approximately RMB0.91 million was generated from the sales of unmanned aerial products only which represented approximately 5% of unaudited revenue. Approximately 5% of unaudited revenue was come from the network optimisation, inspection and maintenance under the operating segment of sales of antennas products and related services for the six months ended 30 June 2018.

Compared to the corresponding period in 2017, price fluctuation of building materials during the six months ended 30 June 2018 was relative high. Revenue from the operating segment of sales of construction related products was dropped from approximately RMB23.59 million for the corresponding period in 2017 to RMB14.13 million for the six months ended 30 June 2018, representing approximately 84% of unaudited revenue, in order to minimise the risk of back-to-back trading of building materials.

Approximately RMB0.96 million was attributable to the sales of agricultural products, representing approximately 6% of unaudited revenue, which gradually became a stable source of income for the Group. No service request was received from existing and potential customers in respect of services provided under the operating segment of provision of consultancy services during the six months ended 30 June 2018.

### Gross Profit

During the six months ended 30 June 2018, unaudited gross profit was approximately RMB0.19 million and gross profit margin was 1.1% which represented a further decrease when compared to gross profit margin of 2.2% for the corresponding period in 2017. It was mainly attributable to low profit margin of sales of construction related products which was accounted for approximately 84% of unaudited revenue.



## **Other Revenue**

Approximately RMB0.19 million, RMB0.09 million and RMB0.09 million were recognised as rental income for office premises, gain on waiver of trade and other payables, and net exchange gain during the six months ended 30 June 2018.

## **Segment Results**

Distribution costs were decreased by approximately 50% from approximately RMB0.48 million for the corresponding period in 2017 to approximately RMB0.24 million for the six months ended 30 June 2018. Approximately RMB0.11 million was for development of unmanned aerial products, approximately RMB0.05 million was for sales of agricultural products and approximately RMB0.04 million was for marketing of underwater surveillance and related products.

After allocation of gain on waiver of trade and other payables under other revenue, depreciation and amortisation expenses under administrative expenses, segment losses were reported in all operating segments as sales volume was not sufficient to cover fundamental distribution costs, depreciation and amortisation expenses for the six months ended 30 June 2018.

## **Other Costs and Expenses**

Approximately RMB2.65 million was increased in administrative expenses for the six months ended 30 June 2018 as when compared to the corresponding period in 2017, of which approximately RMB1.43 million was attributable to increase in salaries and welfare, and approximately RMB0.74 million was attributable to amortisation expenses for self-developed prototype.

No interest expenses were incurred for the six months ended 30 June 2018 as no interest-bearing borrowings were raised during the period.

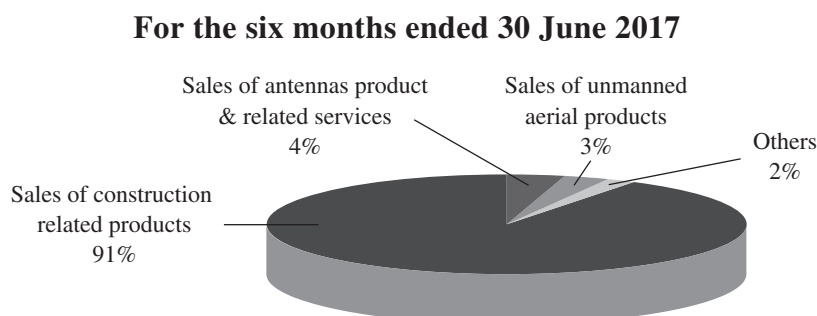
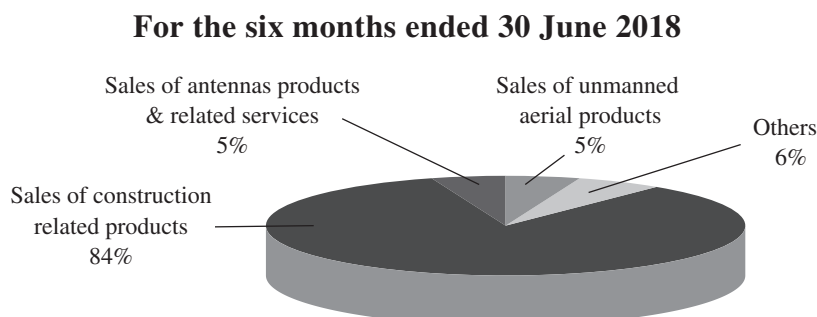
Approximately RMB6.10 million was recorded for the six months ended 30 June 2018 as unrealised loss on fair value changes of held for trading investments. As at 30 June 2018, the fair value of held for trading investments represented approximately 5% lower than original acquisition costs.

## **Loss for the Period**

Consequently, as the result of increase in administrative expenses and unrealised loss on fair value changes of held for trading investments, loss for the period ended 30 June 2018 of approximately RMB16.57 million was reported by the Group, comparing to loss of approximately RMB7.97 million for the corresponding period in 2017.

Loss attributable to owners of the Company was approximately RMB16.50 million after accounting for loss attributable to non-controlling interests in respect of sales of agricultural products.

Composite of revenue by reportable and operating segments for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in the year 2017, are provided as follows:



## PROSPECT

In the first half of 2018, the Group has placed emphasis on the research and development and related testing of mobile communication products while the production and sales of series products such as aerospace and marine engineering equipment were carried out in an orderly way, with a view to fully capturing the development opportunities in 5G market to expand the Group's market share and improve its performance.

As for mobile communication products, the research and development of antennas products with broadband, high gain and low weight and which are accessible to multi-users has been substantially completed in the first half of 2018. The Group is currently performing repetitive tests over its products and communicating with mobile communication operators in various cities. By incorporating on-site live network testing, the Group shall constantly refine and improve its project products, thereby accurately identifying the market demand at sufficient depth. Meanwhile, the Group will also conduct relevant marketing activities in an orderly manner in the second half of the year based on the testing results.

Several patents applications in respect of new antennas were filed by an associate of the Group, Suzhou Haitian New Antenna Technologies Co., Ltd.\* (蘇州海天新天綫科技有限公司), and 3 patents were granted up to 30 June 2018. Based on the patents, future business plan and cash flow forecast of the associate, further RMB4.00 million funds are required for its business operation and development. The funds were determined to be raised by capital contribution with approximately RMB1.43 million registered capital and approximately RMB2.57 million capital reserve after consideration of estimated value of the associate among its shareholders. After other shareholders of the associate expressed their intention not to contribute further capital to the associate, the Company determined to inject further capital contribution to the associate on 13 July 2018 as the Directors (including the independent non-executive Directors) are of the view that the capital contribution of RMB4.0 million is in the interest of the Company and its shareholders as a whole for the reasons as described in the section headed “Reasons for and benefits of the Capital Contribution Agreement” of the announcement of the Company dated 15 July 2018.

At the same time, the Group established a wholly-owned subsidiary in the United States in the first half of the year, mainly engaged in the research and development and sales of related mobile communication equipment, as well as investments in and mergers and acquisitions of related mobile communication entities, to complement the development needs of the Group’s communication business. Going forward, the Group will seize the opportunities arising from the comprehensive development of 5G in the domestic market, fully integrate the industrial chain through the wholly-owned subsidiary, aiming to proactively expand overseas markets and enhance the Group’s market competitiveness.

Relevant marketing and sales activities in respect of the related aerospace, marine engineering equipment as well as the poverty alleviation projects of the Group have been carried out step by step based on the needs of market, which made contributions to enhancing the performance of the Group.

In respect of the fund required for diversified operations, the Group implemented related work towards the new issuance of 200,000,000 domestic shares in the first half of 2018. Through this issuance, the Group will be able to raise approximately RMB42 million. Meanwhile, the Group is now in the process of new issuance of 35,000,000 H shares, which will be able to raise approximately HK\$118.30 million, so as to provide good financial support for the research and development of products and market expansion of the Group. In the future, based on the needs of its business development, the Group will also intend to resort to other financing channels, such as bank borrowings and revitalisation of the existing financing channels of the Group, as and when appropriate, so as to safeguard the Group’s operation and development.

The Board and management of the Company will strive to turn the Group into a high-tech enterprise with diversified operations and development.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the period, the Group was mainly financed by fund raised from issue of new shares. As at 30 June 2018, the Group had no bank borrowings.

As at 30 June 2018, the gearing ratio was not applicable to the Group as there was no interest-bearing borrowings (as at 30 June 2017: 6.79%, which is calculated based on total interest-bearing borrowings of approximately RMB5.00 million over total shareholders' funds of approximately RMB73.60 million).

Cash and cash equivalents increased from approximately RMB14.81 million to approximately RMB15.00 million. As at 30 June 2018, no bank deposits were pledged to secure any operations and liabilities of the Group.

## **CHARGES ON GROUP ASSETS**

As at 30 June 2018, no assets of the Group were pledged for its operations and liabilities.

## **CONTINGENT LIABILITIES**

As at 30 June 2018, the Group did not have any material contingent liabilities.

## **FOREIGN EXCHANGE EXPOSURE**

For the period ended 30 June 2018, the Group was not exposed to any significant foreign exchange risk as majority of the Group's transactions were denominated in Renminbi. Hence, no financial instrument for hedging was employed.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2018, the Group had 57 full-time employees. Total staff costs for the six months ended 30 June 2018 amounted to approximately RMB5.17 million (six months ended 30 June 2017: RMB3.54 million), including remuneration of the Directors and Supervisors. The Group reviews employee remuneration from time to time and increases 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 and retirement benefits scheme. Bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group. The Group has not granted any share options to the Directors and its employees.

## **SIGNIFICANT INVESTMENT HELD**

Except for investment in subsidiaries, associates and held for trading investments, the Group did not hold any significant investment in equity interest in any company.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

As at 30 June 2018, the Group had approximately RMB22.45 million capital expenditure contracted for but not provided in the financial statements (as at 31 December 2017: RMB23.45 million). Save as disclosed herein, the Group did not have other plans for material investment.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in the paragraph headed “Significant Investment Held” above, during the six months ended 30 June 2018, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and affiliated companies.

## 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 2018, 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	Approximate % in enlarged issued Domestic Shares <i>(Note 3)</i>	Approximate % in enlarged issued Shares <i>(Note 3 &amp; 4)</i>
Mr. Xiao Bing (肖兵先生)	Beneficial owner and interest in controlled corporation	393,363,637 <i>(Note 1)</i>	44.43%	25.69%	36.24%	22.27%
Mr. Chen Ji (陳繼先生)	Spouse interest and interest in controlled corporation	273,344,804 <i>(Note 2)</i>	30.88%	17.85%	25.19%	15.48%

### 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	Approximate % in enlarged issued H Shares <i>(Note 4)</i>	Approximate % in enlarged issued Shares <i>(Note 3 &amp; 4)</i>
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.65%	1.47%	0.57%
Mr. Chen Ji (陳繼先生)	Beneficial owner	9,771,000	1.51%	0.64%	1.44%	0.55%

Notes:

1. 328,363,637 Domestic Shares are held by Xi'an Tian An Investment Co., Ltd.\* (西安天安投資有限公司) (“Tian An Investment”), which is beneficially owned as to 60% by Mr. Xiao Bing (肖兵先生) and 40% by his mother Ms. Yao Wenli (姚文俐女士). By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 Domestic Shares. 65,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to Mr. Xiao Bing.
2. 189,844,804 Domestic Shares are held by and 65,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to 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 the spouse and mother-in-law of Mr. Chen Ji (陳繼先生) in equal share. 18,500,000 Domestic Shares are held by Shanghai Hongzhen Ningshang Investment Management Partnership\* (上海泓甄寧尚投資管理合夥企業), which is beneficially owned as to 83.33% by Mr. Chen Ji. 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. The issued Shares are to be enlarged by the issue and allotment of 200,000,000 Domestic Shares under specific mandate (more particularly described in the circular of the Company dated 2 February 2018). The specific mandate was approved by the extraordinary general meeting on 19 March 2018 and is subject to the approval of the Department of Commerce of Shaanxi Province\* (陝西省商務廳).
4. The issued Shares are to be enlarged by the issue and allotment of 35,000,000 H Shares under general mandate (more particularly described in the announcement of the Company dated 18 June 2018). The general mandate was approved by the annual general meeting on 30 June 2017 and is subject to the approval of the China Securities Regulatory Commission\* (中國證券監督管理委員會) and the Stock Exchange.

Saved as disclosed above, as at 30 June 2018, 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 2018, 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 of the Company 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 shareholder	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares	Approximate % in enlarged issued Domestic Shares <i>(Note 13)</i>	Approximate % in enlarged issued Shares <i>(Note 13 &amp; 14)</i>
Professor Xiao Liangyong (肖良勇教授)	Parties acting in concert	393,363,637 <i>(Note 1)</i>	44.43%	25.69%	36.24%	22.27%
Tian An Investment	Beneficial owner	328,363,637 <i>(Note 1)</i>	37.09%	21.45%	30.25%	18.59%
Ms. Yao Wenli (姚文俐女士)	Interest in controlled corporation	328,363,637 <i>(Note 1)</i>	37.09%	21.45%	30.25%	18.59%
Gaoxiang Investment	Beneficial owner	254,844,804 <i>(Note 2)</i>	28.78%	16.64%	23.48%	14.43%
Ms. Sun Xiangjun (孫湘君女士)	Interest in controlled corporation	254,844,804 <i>(Note 2)</i>	28.78%	16.64%	23.48%	14.43%
Ms. Gao Xuejuan (高雪娟女士)	Interest in controlled corporation	254,844,804 <i>(Note 2)</i>	28.78%	16.64%	23.48%	14.43%
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	11.29%	6.53%	9.21%	5.66%



Name of shareholder	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares	Approximate % in enlarged issued Domestic Shares (Note 13)	Approximate % in enlarged issued Shares (Note 13 & 14)
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司)	Beneficial owner	75,064,706 (Note 3)	8.48%	4.90%	6.92%	4.25%
Ms. Wang Zengdi (王增娣女士)	Interest in controlled corporation	75,064,706 (Note 3)	8.48%	4.90%	6.92%	4.25%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司)	Beneficial owner	70,000,000 (Note 4)	7.91%	4.57%	6.45%	3.97%
Mr. Wang Yun (王贇先生)	Interest in controlled corporation	70,000,000 (Note 4)	7.91%	4.57%	6.45%	3.97%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心)	Beneficial owner	54,077,941 (Note 5)	6.11%	3.53%	4.98%	3.06%
Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司)	Interest in controlled corporation	54,077,941 (Note 5)	6.11%	3.53%	4.98%	3.06%
Ms. Jin Rongfei (金嶸霏女士)	Beneficial owner	50,000,000 (Note 6)	5.65%	3.27%	4.61%	2.83%
Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司)	Beneficial owner	20,000,000	2.26%	1.31%	1.84%	1.13%
Mr. Zhang Jiandong (張建東先生)	Beneficial owner	20,000,000 (Note 7)	2.26%	1.31%	1.84%	1.13%
Shanghai Hongzhen Ningshang Investment Management Partnership* (上海泓甄寧尚投資管理合夥企業)	Beneficial owner	18,500,000	2.09%	1.21%	1.71%	1.05%
Shanghai Maokou Commerce and Trading Ltd.* (上海睿寇商貿有限公司)	Beneficial owner	18,500,000	2.09%	1.21%	1.71%	1.05%
Mr. Jiao Chengyi (焦成義先生)	Beneficial owner	10,943,030	1.24%	0.71%	1.01%	0.62%

## Long positions in H Shares

Name of shareholder	Capacity	Number of H Shares <i>(Note 8)</i>	Approximate % in total issued H Shares	Approximate % in total issued Shares	Approximate % in enlarged issued H Shares <i>(Note 14)</i>	Approximate % in enlarged issued Shares <i>(Note 13 &amp; 14)</i>
Huang Li Hou (黃李厚)	Beneficial owner	85,100,000	13.18%	5.56%	12.50%	4.82%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司)	Beneficial owner	73,347,000 <i>(Note 9)</i>	11.36%	4.79%	10.77%	4.15%
Oceanic Bliss Holdings Limited (海洋控股有限公司)	Interest in controlled corporation	73,347,000 <i>(Note 9)</i>	11.36%	4.79%	10.77%	4.15%
Zeal Warrior Investments Limited	Interest in controlled corporation	83,847,000 <i>(Note 9)</i>	12.98%	5.48%	12.32%	4.75%
Ms. Chen Wei (陳瑋女士)	Beneficial owner and Interest in controlled corporation	83,992,000 <i>(Note 9)</i>	13.01%	5.49%	12.34%	4.76%
Ms. Zhou Jin	Beneficial owner	77,093,000 <i>(Note 10)</i>	11.94%	5.04%	11.32%	4.37%
Auspicious Zone Investments Limited (彩域投資有限公司)	Beneficial owner	51,592,000 <i>(Note 11)</i>	7.99%	3.37%	7.58%	2.92%
Sure Rosy Global Investments Limited (順盛環球投資有限公司)	Interest in controlled corporation	51,592,000 <i>(Note 11)</i>	7.99%	3.37%	7.58%	2.92%
Mr. Wang Mingyue (王明月先生)	Interest in controlled corporation	51,592,000 <i>(Note 11)</i>	7.99%	3.37%	7.58%	2.92%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 <i>(Note 12)</i>	6.50%	2.74%	6.17%	2.38%
Huang Wei Wen (黃偉汶)	Interest in controlled corporation	42,000,000 <i>(Note 12)</i>	6.50%	2.74%	6.17%	2.38%

*Notes:*

1. 328,363,637 Domestic Shares are held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing (肖兵先生) and 40% by his mother Ms. Yao Wenli (姚文俐女士). By virtue of the SFO, Ms. Yao Wenli is deemed to be interested in the same 328,363,637 Domestic Shares. 65,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to Mr. Xiao Bing. Professor Xiao Liangyong (肖良勇教授) is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, Professor Xiao Liangyong deemed to be interested in the same 393,363,637 Domestic Shares.
2. 189,844,804 Domestic Shares are held by and 65,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to Gaoxiang Investment, which is beneficially owned by Ms. Sun Xiangjun (孫湘君女士) and Ms. Gao Xuejuan (高雪娟女士) in equal share. By virtue of the SFO, each of Ms. Sun Xiangjun and Ms. Gao Xuejuan is deemed to be interested in the same 254,844,804 Domestic Shares.
3. 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) (“Shenzhen Huitai”), 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. 50,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to Ms. Jin Rongfei (金嶸霏女士).
7. 20,000,000 Domestic Shares are to be issued and allotted under specific mandate (more particularly described in the circular of the Company dated 2 February 2018) to Mr. Zhang Jiandong (張建東先生).
8. 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.
9. 73,347,000 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 Investments Limited (“Zeal Warrior”). 10,500,000 H Shares are to be issued and allotted under general mandate (more particularly described in the announcement of the Company dated 18 June 2018) to Zeal Warrior. 145,000 H Shares are held by Ms. Chen Wei (陳瑋女士) who is beneficial owner of Zeal Warrior. By virtue of the SFO, Oceanic Bliss, Zeal Warrior and Ms. Chen Wei are deemed to be interested in the same 73,347,000 H Shares, 83,847,000 H Shares and 83,992,000 H Shares respectively.

10. Ms. Zhou Jin is a director of Xaht Antenna Technologies (Hongkong) Limited (海天天綫(香港)有限公司), a wholly-owned subsidiary of the Group.
11. 51,592,000 H Shares are held by Auspicious Zone Investments Limited (彩域投資有限公司), which is beneficially owned by Sure Rosy Global Investments Limited (順盛環球投資有限公司) (“Sure Rosy”). Mr. Wang Mingyue (王明月先生) is beneficial owner of Sure Rosy. By virtue of the SFO, each of Sure Rosy and Mr. Wang Mingyue is deemed to be interested in the same 51,592,000 H Shares.
12. 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.
13. The issued Shares are to be enlarged by the issue and allotment of 200,000,000 Domestic Shares under specific mandate (more particularly described in the circular of the Company dated 2 February 2018). The specific mandate was approved by the extraordinary general meeting on 19 March 2018 and is subject to the approval of the Department of Commerce of Shaanxi Province\* (陝西省商務廳).
14. The issued Shares are to be enlarged by the issue and allotment of 35,000,000 H Shares under general mandate (more particularly described in the announcement of the Company dated 18 June 2018). The general mandate was approved by the annual general meeting on 30 June 2017 and is subject to the approval of the China Securities Regulatory Commission\* (中國證券監督管理委員會) and the Stock Exchange.

Saved as disclosed above, as at 30 June 2018, 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 of the Company 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 30 June 2018, 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.

## **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.

## **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 and internal control systems of the Group. As at 30 June 2018, the Audit Committee comprised of Professor Shi Ping and Dr. Lam Lee G. (resigned on 23 July 2018), 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 2018 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.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

For the six months ended 30 June 2018, 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 2018, 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.

## **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 2018.

By order of the Board  
**Xi'an Haitiantian Holdings Co., Ltd.\***  
**Chen Ji**  
*Chairman*

Xi'an, the PRC, 3 August 2018

*As at the date of this announcement, the Board comprises Mr. Chen Ji (陳繼先生) and Mr. Xiao Bing (肖兵先生) 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) and Mr. Tu Jijun (涂繼軍先生) being independent non-executive Directors.*

*This announcement 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 purpose only