



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 2019**

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 purpose only

HIGHLIGHTS

- During the six months ended 30 June 2019, unaudited gross profit was approximately RMB0.30 million and gross profit margin was 1.3% which represented a slightly increase when compared to the gross profit margin of 1.1% for the corresponding period in the year of 2018.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019, together with the unaudited comparative figures for the corresponding period in the year of 2018 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	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	3	21,688	15,074	23,042	16,880
Cost of sales		(21,496)	(14,993)	(22,740)	(16,694)
Gross profit		192	81	302	186
Other revenue		955	228	1,121	393
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")/held for trading investments		(5,893)	1,422	(152)	(6,096)
Distribution expenses		(79)	(119)	(135)	(238)
Administrative expenses		(6,431)	(5,718)	(11,133)	(10,799)
Finance costs		(1,539)	4	(2,649)	(15)
Share of result of an associate		(469)	–	(558)	–
Loss before tax		(13,264)	(4,102)	(13,204)	(16,569)
Income tax expense	4	(14)	–	(14)	–
Loss and total comprehensive expense for the period	5	<u>(13,278)</u>	<u>(4,102)</u>	<u>(13,218)</u>	<u>(16,569)</u>
Attributable to:					
– Owners of the Company		(13,258)	(4,041)	(13,220)	(16,499)
– Non-controlling interest		(20)	(61)	2	(70)
		<u>(13,278)</u>	<u>(4,102)</u>	<u>(13,218)</u>	<u>(16,569)</u>
Loss per share					
– Basic and diluted (RMB cents)	7	<u>(0.87)</u>	<u>(0.26)</u>	<u>(0.86)</u>	<u>(1.08)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Unaudited) As at 31 December 2018 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Plant and equipment	8	9,300	9,903
Intangible assets		–	–
Interest in an associate		4,960	1,018
Deposits paid for acquisition of non-current assets	9	18,546	18,546
Prepayments		–	226
		32,806	29,693
Current assets			
Financial assets at FVTPL/held for trading investments	10	16,205	16,358
Inventories		1,287	2,638
Trade receivables	11	478	937
Deposits, other receivables and prepayments		51,300	3,365
Amounts due from related parties	12	11	11
Amounts due from directors and supervisors	13	801	806
Bank balances and cash		8,331	6,894
		78,413	31,009
Current liabilities			
Trade payables	14	6,391	7,859
Other payables, accrued charges and deposits received		12,594	9,010
Contract liabilities		15	21
Amounts due to shareholders	15	26,500	16,100
Amounts due to related parties	15	500	1,000
Bank and other borrowings		51,725	–
		97,725	33,990
Net current liabilities		(19,312)	(2,981)
Net assets		13,494	26,712
Capital and reserves			
Share capital		153,106	153,106
Reserves		(142,553)	(129,333)
Equity attributable to owners of the Company		10,553	23,773
Non-controlling interest		2,941	2,939
Total equity		13,494	26,712

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company							(Unaudited) Non- controlling interest 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 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>	
At 1 January 2019	153,106	115,390	16,153	15,856	(276,732)	23,773	2,939	26,712	
Loss (profit) and total comprehensive expense (income) for the period	-	-	-	-	(13,220)	(13,220)	2	(13,218)	
At 30 June 2019	<u>153,106</u>	<u>115,390</u>	<u>16,153</u>	<u>15,856</u>	<u>(289,952)</u>	<u>10,553</u>	<u>2,941</u>	<u>13,494</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	(Unaudited) 2019 RMB'000	(Unaudited) 2018 RMB'000
Net cash used in operating activities	<u>(52,143)</u>	<u>(6,538)</u>
Investing activities		
Advance to related parties	–	(233)
Repayment from directors and supervisors	5	–
Purchase of plant and equipment	(910)	(3,045)
Acquisition of investment in an associate	(4,500)	–
Other investing cash flows	<u>9</u>	<u>14</u>
Net cash used in investing activities	<u>(5,396)</u>	<u>(3,264)</u>
Financing activities		
Advance from shareholders	10,400	10,000
Repayment to related parties	(500)	–
New bank and other borrowings raised	52,184	–
Repayment of bank and other borrowings	(459)	–
Other financing cash flows	<u>(2,649)</u>	<u>(8)</u>
Net cash generated from financing activities	<u>58,976</u>	<u>9,992</u>
Net increase in cash and cash equivalents	1,437	190
Cash and cash equivalents at the beginning of period	<u>6,894</u>	<u>14,811</u>
Cash and cash equivalents at the end of period, represented bank balances and cash	<u><u>8,331</u></u>	<u><u>15,001</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 mobile communication 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 2018.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sale of goods for the period.

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

	(Unaudited)		(Unaudited)	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue				
Sales of antennas products and related services	7	(1)	20	888
Sales of underwater surveillance and related products	105	(2)	107	(2)
Sales of unmanned aerial products	–	905	–	905
Sales of construction related products	19,377	14,130	19,377	14,130
Sales of agricultural products	2,199	42	3,538	959
	<u>21,688</u>	<u>15,074</u>	<u>23,042</u>	<u>16,880</u>
Segment profit (loss)				
Sales of antennas products and related services	82	(392)	(269)	(734)
Sales of underwater surveillance and related products	52	(28)	51	(59)
Sales of unmanned aerial products	(42)	(703)	(91)	(753)
Sales of construction related products	8	29	(67)	(51)
Sales of agricultural products	(3)	(156)	54	(96)
	97	(1,250)	(322)	(1,693)
Unallocated other revenue	(6)	201	149	305
Change in fair value of financial assets at FVTPL/held for trading investments	(5,893)	1,422	(152)	(6,096)
Unallocated corporate expenses	(5,923)	(4,479)	(10,230)	(9,070)
Finance costs	(1,539)	4	(2,649)	(15)
Loss before tax	<u>(13,264)</u>	<u>(4,102)</u>	<u>(13,204)</u>	<u>(16,569)</u>

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, certain other revenue, change in fair value of financial assets at FVTPL/held for trading investments and finance costs.

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

	(Unaudited)	(Unaudited)
	As at	As at
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
Segment assets		
Sales of antennas products and related services	28,522	5,600
Sales of underwater surveillance and related products	785	799
Sales of unmanned aerial products	1,713	21,661
Sales of construction related products	48,467	1,259
Sales of agricultural products	4,735	4,141
	<hr/>	<hr/>
Total segment assets	84,222	33,460
Unallocated assets	26,997	27,242
	<hr/>	<hr/>
Consolidated total assets	111,219	60,702
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Sales of antennas products and related services	16,337	14,137
Sales of underwater surveillance and related products	16	62
Sales of unmanned aerial products	80	225
Sales of construction related products	50,017	1,567
Sales of agricultural products	241	88
	<hr/>	<hr/>
Total segment liabilities	66,691	16,079
Unallocated liabilities	31,034	17,911
	<hr/>	<hr/>
Consolidated total liabilities	97,725	33,990
	<hr/> <hr/>	<hr/> <hr/>

All assets are allocated to operating segments other than financial assets at FVTPL/held for trading investments, certain amounts due from related parties, directors and supervisors, 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 related parties 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:

	(Unaudited)		(Unaudited)	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The PRC (country of domicile)	21,688	15,074	23,042	16,880
Other Asian countries excluding the PRC	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>21,688</u>	<u>15,074</u>	<u>23,042</u>	<u>16,880</u>

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

Loss for the period has been arrived at after charging (crediting):

	(Unaudited)		(Unaudited)	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of plant and equipment	762	742	1,513	1,471
Amortisation of intangible assets	–	740	–	744
Auditor's remuneration	–	30	–	30
Staff costs				
Emoluments of Directors and members of supervisory committee (the "Supervisors")	739	1,019	1,743	2,047
Salaries, wages and allowances	1,453	1,188	2,710	2,675
Retirement benefit scheme contributions (excluding Directors and Supervisors)	150	229	264	445
Total staff costs	<u>2,342</u>	<u>2,436</u>	<u>4,717</u>	<u>5,167</u>
Amount of inventories recognised as an expense	21,496	14,993	22,740	16,694
Exchange loss (gain), net	(6)	(5)	(119)	(89)
Minimum lease payments paid under operating leases rentals in respect of rented office premises	1,049	458	1,340	726
Research and development costs recognised as an expense	113	189	228	389
Interests on bank and other borrowings	<u>1,533</u>	<u>–</u>	<u>2,633</u>	<u>–</u>
Interest income	<u>(5)</u>	<u>(10)</u>	<u>(9)</u>	<u>(14)</u>

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: 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 2019 attributable to owners of the Company of RMB13,258,000 and RMB13,220,000 respectively (2018: RMB4,041,000 and RMB16,499,000 respectively) and the weighted average number of 1,531,058,824 (2018: 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 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 RMB0.91 million (2018: RMB3.05 million) on acquisition of plant and equipment.

9. DEPOSITS PAID FOR ACQUISITION OF NON-CURRENT ASSETS

	(Unaudited) As at 30 June 2019 RMB'000	(Unaudited) As at 31 December 2018 RMB'000
Deposit paid for acquisition of leasehold land and buildings	18,546	18,546
Deposit paid for acquisition of plant and equipment	2,145	2,145
Less: Impairment loss	(2,145)	(2,145)
	<u>18,546</u>	<u>18,546</u>

10. FINANCIAL ASSETS AT FVTPL/HELD FOR TRADING INVESTMENTS

	(Unaudited)	(Unaudited)
	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trading securities		
Equity securities listed in the PRC	<u>16,205</u>	<u>16,358</u>

11. TRADE RECEIVABLES

	(Unaudited)	(Unaudited)
	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	50,348	51,741
Less: Allowance for impairment loss	<u>(49,870)</u>	<u>(50,804)</u>
	<u>478</u>	<u>937</u>

The Group allows a credit period ranging from 5 to 240 days (2018: 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)	(Unaudited)
	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	8	598
61 to 120 days	470	26
121 to 180 days	-	-
181 to 365 days	<u>-</u>	<u>313</u>
	<u>478</u>	<u>937</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) As at 30 June 2019 <i>RMB'000</i>	(Unaudited) As at 31 December 2018 <i>RMB'000</i>
西安海天高科動力有限公司 (「西安海天高科」)	<u>11</u>	<u>11</u>

The amounts are unsecured, interest-free and repayable on demand. Zuo Hong is the non-executive Director and the executive director and shareholder of 西安海天高科, which is owned as to 5% by Zuo Hong, for both reporting periods.

13. AMOUNTS DUE FROM DIRECTORS AND SUPERVISORS

	(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Unaudited) As at 31 December 2018 <i>RMB'000</i>
Zuo Hong, a Director	796	802
Li Tianzuo, a Supervisor	<u>5</u>	<u>4</u>
	<u>801</u>	<u>806</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) As at 30 June 2019 <i>RMB'000</i>	(Unaudited) As at 31 December 2018 <i>RMB'000</i>
Within 60 days	139	22
61 to 120 days	–	–
121 to 365 days	50	578
Over 365 days	6,202	7,259
	<u>6,391</u>	<u>7,859</u>

The average credit period on purchases of goods is 90 days (2018: 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 AND RELATED PARTIES

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

16. CAPITAL COMMITMENTS

	(Unaudited) As at 30 June 2019 <i>RMB'000</i>	(Unaudited) As at 31 December 2018 <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	–	4,500
	<u>21,454</u>	<u>25,954</u>

17. LITIGATION

As at the end of the reporting period, the Company has the following outstanding litigation cases:

- (a) During the year ended 31 December 2015, 西安慶建塑業有限公司, a supplier of the Company, filed a dispute at 西安仲裁委員會 (the “Commission”) against the Company for a disagreement on a outstanding inventory cost of RMB1,204,294, which is different from the amount RMB517,970 recorded in the ledger of the Company. The trial has gone through twice and is pending to the final conclusion.

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 People’s Court against the Defendant A in September 2017. However, the People’s Court dismissed the Group’s prosecution with the grounds that the Group could not provide relevant supporting documents. The Group is in the action to appeal again to the Xi’an Intermediate People’s Court. The trial procedure was completed on 10 April 2019 but the case has not yet been decided.

The Directors consider the legal consultation and concluded that the transfer of the land ownership is still highly probable.

BUSINESS REVIEW

Revenue

During the six months ended 30 June 2019, unaudited revenue of approximately RMB23.04 million was increased by approximately 36% when comparing to RMB16.88 million for the corresponding period in the year of 2018. The increase in revenue under the operating segment of sales of construction related products was the main reason for the improvement.

As the 5G commercialisation was announced at the beginning of the year of 2019, the Group actively carried out pre-sales work and market promotion of relevant mobile communication products, including participation in various industry exhibitions and field work testing with telecommunication operators and integrators, in order to establish market foundation with high-quality product performance and technical indicators. Since the 5G commercial licences were released in June 2019, large-scale networking construction work was not performed by the telecommunication operators during the period. Therefore, less than 1% of revenue was come from the operating segment of sales of antennas products and related services, and no sales of 5G products were recognised during the six months ended 30 June 2019.

During the six months ended 30 June 2019, merely 1% of revenue was generated from the operating segment of sales of underwater surveillance and related products, and no sales was recorded for operating segment of sales of unmanned aerial products since most of resources were deployed to upgrade existing underwater surveillance products and improve industrial-grade unmanned aerial products respectively.

Revenue from the operating segment of sales of construction related products was increased from approximately RMB14.13 million for the corresponding period in the year of 2018 to RMB19.38 million for the six months ended 30 June 2019, representing approximately 84% of revenue. Compared to the corresponding period in the year of 2018, price fluctuation of building materials during the six months ended 30 June 2019 was relatively low that greater sales orders were completed.

Approximately RMB3.54 million was attributable to the operating segment of sales of agricultural products, representing approximately 15% of revenue which became a stable source of income for the Group since last year.

Gross Profit

During the six months ended 30 June 2019, unaudited gross profit was approximately RMB0.30 million and gross profit margin was 1.3% which represented an increase when compared to gross profit margin of 1.1% for the corresponding period in the year of 2018. It was mainly attributable to higher profit margin of sales of construction related products due to lower price fluctuation.

Other Revenue

Approximately RMB0.93 million and RMB0.12 million were recognised as receipts from impaired trade receivables and net exchange gain respectively for the six months ended 30 June 2019.

Segment Results

Distribution expenses were decreased by approximately 42% from approximately RMB0.24 million for the corresponding period in the year of 2018 to approximately RMB0.14 million for the six months ended 30 June 2019 as all large-scale marketing and promotion activities would be scheduled at later period.

After allocation of receipts from impaired trade receivables under other revenue, net loss on waiver of trade and other payables, and depreciation expenses under administrative expenses, segment losses were reported in the operating segments of sales of antennas products and related services, sales of unmanned aerial products, and sales of construction related products as sales volume was not sufficient to cover all fundamental distribution expenses and depreciation expenses for the six months ended 30 June 2019.

Other Costs and Expenses

Approximately RMB0.33 million was increased in administrative expenses for the six months ended 30 June 2019 as when compared to the corresponding period in the year of 2018, of which approximately RMB0.50 million was attributable to loss on waiver of trade and other payables, and approximately RMB0.61 million was attributable to increase in rental expenses of office premises.

Interest expenses of approximately RMB2.63 million were incurred for the six months ended 30 June 2019 in respect of the short-term bank borrowings of approximately RMB50.00 million which was mainly used for sales of construction related products.

Approximately RMB0.15 million was recorded for the six months ended 30 June 2019 as unrealised loss on change in fair value of financial assets at fair value through profit or loss, comparing to approximately RMB6.10 million for the corresponding period in the year of 2018. As at 30 June 2019, the fair value of financial assets at fair value through profit or loss represented approximately 19% lower than original acquisition costs.

Loss of approximately RMB0.56 million was recognised as a share of result of an associate for the period ended 30 June 2019 as the associate was remained at patents application stage without significant business activities.

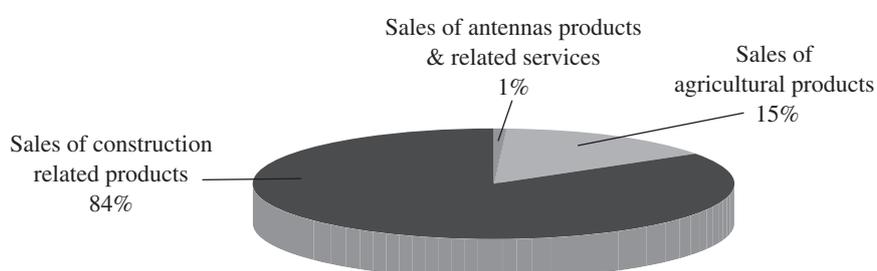
Loss for the Period

Consequently, as the result of increase in finance costs without significant unrealised loss on change in fair value of financial assets at fair value through profit or loss, loss for the period ended 30 June 2019 of approximately RMB13.22 million was reported by the Group, comparing to loss of approximately RMB16.57 million for the corresponding period in the year of 2018.

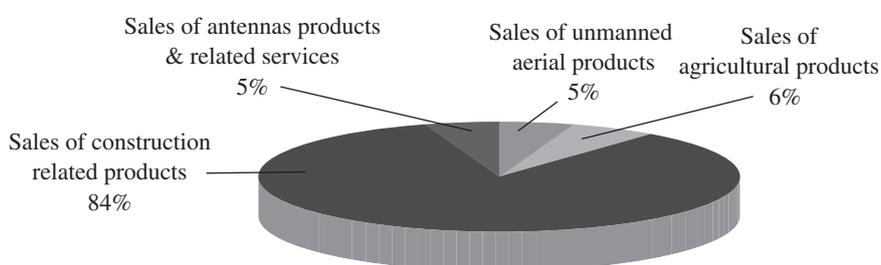
Loss attributable to owners of the Company was approximately RMB13.22 million after accounting for loss attributable to non-controlling interest in respect of sales of agricultural products.

Composite of Group's revenue by reportable and operating segments for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in the year of 2018, are provided as follows:

For the six months ended 30 June 2019



For the six months ended 30 June 2018



PROSPECTS

In the first half of 2019, the Ministry of Industry and Information Technology of the PRC officially issued the 5G commercial licenses to four companies, namely China Telecom, China Mobile, China Unicom and China Radio and Television, which meant that the large-scale construction of 5G networks officially began in 2019. Therefore, in the first half of the year, the focus of the Group was to research and develop, promote and test related mobile communication products surrounding the mobile communication industry.

Currently, Suzhou Haitian New Antenna Technologies Co., Ltd.* (蘇州海天新天綫科技有限公司) (“Suzhou Haitian”), a company owned by the Group as to 30%, based on a series of products developed and produced by itself for the bands of 798-960MHz and 1710-2690MHz of 3G and 4G, has successfully developed a low-energy-consumption, high-gain, miniaturised broadband dielectric Luneberg cylindrical lens antenna wireless communication with multiple-beam and high-capacity for 5G era. The antenna has complete intellectual property rights, and has applied for and obtained a number of domestic and international invention patents and utility model patents. Compared with the existing traditional plate antenna technology, such antenna product has the advantages of lighter weight, lower cost, more power saving, wider vertical lobe and larger coverage area under high gain. It can not only greatly reduce the number of wireless base station construction, shorten the construction cycle of wireless communication projects, but also exponentially reduce the annual electricity cost and other operating and maintenance costs, which is of epoch-making significance in energy saving and consumption reduction. At present, the miniaturised dielectric lens antenna has been widely recognised by operators, system suppliers and other customers.

Based on the performance in mobile communications, especially 5G related technologies and products of Suzhou Haitian and in light of the Group’s strategic development and market demand in the mobile communications industry, the Group commenced the work in relation to the acquisition of the entire equity interests in Suzhou Haitian in the first half of the year to fully grasp 5G market development opportunities and quickly enhance the results of the Company. Currently, the Group has engaged external professional financial advisor, auditors and lawyers to carry out due diligence on Suzhou Haitian in various aspects, such as finance, law and intellectual property. The Group is conducting the relevant acquisition in an orderly manner.

In the coming future, the Group will, by leveraging the benefit of acquiring the entire equity of Suzhou Haitian and the Group’s years of experience and market advantages accumulated in research and development as well as system integration of mobile communication products, mobile internet and mobile communication information technology services, and through continuous operating strategy adjustment, make every effort to propel sales and marketing of miniaturised dielectric-lens antenna.

And in the next half year, the Group would also steadily advance relevant marketing and sales effort in light of the market demand for relevant aerospace and marine engineering equipment businesses and the Company’s poverty alleviation projects, with an aim of making contribution to the sales performance of the Group.

Concerning the funds required for diversified operation, the Company will conduct fund raising in due course according business development needs through additional issuance, bank borrowing, vitalising our Group’s current assets and other various financing channels, so to safeguard our Company’s operation and development.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period, the Group was mainly financed by cash from bank and other borrowings and advance from shareholders. As at 30 June 2019, the Group had bank and other borrowings and advance from shareholders of approximately RMB51.73 million and RMB26.50 million respectively of which all were repayable on demand or within one year. These borrowings and advance were mainly used for the Group's daily operations and sales of construction related products.

During the period, all of the Group's interest-bearing borrowings borne interest rates of ranging from 1% to 12% per annum. Majority of borrowings were denominated in RMB during the period, the Directors consider that exposure to foreign exchange risk was mineral.

As at 30 June 2019, the Group's gearing ratio was approximately 490.3% (2018: not applicable), which is calculated based on total interest-bearing borrowings of approximately RMB51.73 million over total shareholders' funds of approximately RMB10.55 million.

Cash and cash equivalents increased from approximately RMB6.89 million to approximately RMB8.33 million for the six months ended 30 June 2019. As at 30 June 2019, no bank balances were pledged to secure any operations and liabilities of the Group.

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2019, the Group was not exposed to any significant foreign exchange risk as majority of the Group's transactions were denominated in RMB. Hence, no financial instruments for hedging was employed.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, interest in an associate, and financial assets at fair value through profit or loss, the Group did not hold any significant investment in equity interest in any company for the six months ended 30 June 2019.

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 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had 48 (2018: 57) full-time employees. Total staff costs for the six months ended 30 June 2019 amounted to approximately RMB4.72 million (six months ended 30 June 2018: RMB5.17 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.

CHARGES ON GROUP ASSETS

As at 30 June 2019, no assets of the Group were pledged for its operations and liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 30 June 2019, the Group had approximately RMB21.45 million capital expenditure contracted for but not provided in the financial statements (as at 31 December 2018: RMB25.95 million). The Group considers to further acquisition of the interest in an associate in order to become a wholly-owned subsidiary.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any material contingent liabilities.

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 2019, 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 (Note 5)	Approximate % in enlarged issued Shares (Note 5)
Mr. Xiao Bing (肖兵先生)	Beneficial owner and interest in controlled corporation	393,363,637 (Note 1)	44.43%	25.69%	36.24%	22.72%
Mr. Chen Ji (陳繼先生)	Beneficial owner and interest in controlled corporation	273,344,804 (Note 2)	30.88%	17.85%	25.19%	15.79%

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 Shares (Note 5)
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.65%	0.58%
Mr. Chen Ji (陳繼先生)	Beneficial owner and interest in controlled corporation	46,071,000 (Note 3)	7.13%	3.01%	2.66%
Ms. Lu Lihua (陸麗華女士)	Beneficial owner	14,000	<0.01%	<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	Approximate % in enlarged issued Shares (Note 5)
Mr. Chen Ji (陳繼先生)	Interest in controlled corporation	36,300,000 (Note 4)	5.62%	2.37%	2.10%

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). 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 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. 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.
5. 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).

Saved as disclosed above, as at 30 June 2019, 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 2019, 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	Approximate % in enlarged issued Domestic Shares <i>(Note 14)</i>	Approximate % in enlarged issued Shares <i>(Note 14)</i>
Ms. Chen Jing (陳靜女士)	Spouse interest and interest in controlled corporation	393,363,637 <i>(Note 1)</i>	44.43%	25.69%	36.24%	22.72%
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%	22.72%
Tian An Corporate	Beneficial owner	328,363,637 <i>(Note 1)</i>	37.09%	21.45%	30.25%	18.97%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	273,344,804 <i>(Note 2)</i>	30.88%	17.85%	25.19%	15.79%
Gaoxiang Investment	Beneficial owner	254,844,804 <i>(Note 2)</i>	28.80%	16.64%	23.48%	14.72%
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%	6.54%	9.21%	5.78%
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>	8.48%	4.90%	6.92%	4.34%

Name of person/entity	Capacity	Number of Domestic Shares	Approximate %	Approximate %	Approximate %	Approximate %
			in total issued Domestic Shares	in total issued Shares	in enlarged issued Domestic Shares	in enlarged issued Shares
					(Note 14)	(Note 14)
Ms. Wang Zengdi (王增娣女士)	Interest in controlled corporation	75,064,706 (Note 3)	8.48%	4.90%	6.92%	4.34%
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%	4.04%
Mr. Wang Yun (王贇先生)	Interest in controlled corporation	70,000,000 (Note 4)	7.91%	4.57%	6.45%	4.04%
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%	3.12%
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%	3.12%
Ms. Jin Rongfei (金嶸霏女士)	Beneficial owner	50,000,000 (Note 6)	5.65%	3.27%	4.61%	2.89%
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%	1.16%
Mr. Zhang Jiandong (張建東先生)	Beneficial owner	20,000,000 (Note 7)	2.26%	1.31%	1.84%	1.16%
Shanghai Hongzhen Ningshang	Beneficial owner	18,500,000 (Note 2)	2.08%	1.21%	1.71%	1.07%
Shanghai Maokou Commerce and Trading Ltd.* (上海睿寇商貿有限公司)	Beneficial owner	18,500,000	2.08%	1.21%	1.71%	1.07%
Mr. Jiao Chengyi (焦成義先生)	Beneficial owner	10,943,030	1.24%	0.71%	1.01%	0.63%

Long positions in H Shares

Name of person/entity	Capacity	Number of H Shares <i>(Note 8)</i>	Approximate % in total issued H Shares	Approximate % in total issued Shares	Approximate % in enlarged issued Shares <i>(Note 14)</i>
Huang Li Hou (黃李厚)	Beneficial owner	85,100,000	13.18%	5.56%	4.92%
Ms. Chen Wei (陳瑋女士)	Beneficial owner and interest in controlled corporation	73,492,000 <i>(Note 9)</i>	11.38%	4.80%	4.25%
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%	4.24%
Oceanic Bliss Holdings Limited (海祥控股有限公司)	Interest in controlled corporation	73,347,000 <i>(Note 9)</i>	11.36%	4.79%	4.24%
Zeal Warrior Investments Limited	Interest in controlled corporation	73,347,000 <i>(Note 9)</i>	11.36%	4.79%	4.24%
Auspicious Zone Investments Limited (彩域投資有限公司)	Beneficial owner	51,592,000 <i>(Note 10)</i>	7.99%	3.37%	2.98%
Sure Rosy Global Investments Limited (順盛環球投資有限公司)	Interest in controlled corporation	51,592,000 <i>(Note 10)</i>	7.99%	3.37%	2.98%
Mr. Wang Mingyue (王明月先生)	Interest in controlled corporation	51,592,000 <i>(Note 10)</i>	7.99%	3.37%	2.98%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	46,071,000 <i>(Note 12)</i>	7.13%	3.01%	2.66%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 <i>(Note 11)</i>	6.50%	2.74%	2.43%
Huang Wei Wen (黃偉汶)	Interest in controlled corporation	42,000,000 <i>(Note 11)</i>	6.50%	2.74%	2.43%
Guotai Junan Financial	Issuer of investment products	36,300,000 <i>(Note 12)</i>	5.62%	2.37%	2.10%

Name of person/entity	Capacity	Number of H Shares (Note 8)	Approximate % in total issued H Shares	Approximate % in total issued Shares	Approximate % in enlarged issued Shares (Note 14)
Guotai Junan International	Interest in controlled corporation	36,300,000 (Note 12)	5.62%	2.37%	2.10%
Guotai Junan Holdings	Interest in controlled corporation	36,300,000 (Note 12)	5.62%	2.37%	2.10%
Guotai Junan Securities	Interest in controlled corporation	36,300,000 (Note 12)	5.62%	2.37%	2.10%
Zhongrong International	Investment manager	36,300,000 (Note 12)	5.62%	2.37%	2.10%
Gaoxiang Investment	Beneficial owner	36,300,000 (Note 12)	5.62%	2.37%	2.10%

Short positions in H Shares

Name of person/entity	Capacity	Number of underlying H Shares (Note 8)	Approximate % in total issued H Shares	Approximate % in total issued Shares	Approximate % in enlarged issued Shares (Note 14)
Guotai Junan Financial	Issuer of unlisted and cash settled derivatives	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Guotai Junan International	Interest in controlled corporation	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Guotai Junan Holdings	Interest in controlled corporation	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Guotai Junan Securities	Interest in controlled corporation	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Zhongrong International	Investment manager	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Gaoxiang Investment	Beneficial owner	36,300,000 (Note 13)	5.62%	2.37%	2.10%
Ms. Sun Xiangjun (孫湘君女士)	Interest in controlled corporation	36,300,000 (Note 13)	5.62%	2.37%	2.10%

Notes:

1. 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. 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, each of Ms. Chen Jing and Professor Xiao Liangyong is 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 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 273,344,804 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), 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 (王贊先生). 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. 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"). 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. By virtue of the SFO, each of Ms. Chen Wei, Oceanic Bliss and Zeal Warrior is deemed to be interested in the same 73,347,000 H Shares.

10. 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”), and 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.
11. 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.
12. 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 46,071,000 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.
13. 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.
14. 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).

Saved as disclosed above, as at 30 June 2019, 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 30 June 2019, 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 2019.

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 2019, 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 2019, 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 2019, 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 2019 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 Haitiantian Holdings Co., Ltd.*
Xiao Bing
Chairman

Xi’an, the PRC, 9 August 2019

As at the date of this announcement, 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 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