



西安海天天綫科技股份有限公司

XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD.*

*(formerly known as 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)

**REVISED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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 Haitian Antenna Technologies Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this 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.*

REVISED ANNUAL RESULTS

The board of Directors (the “Board”) of the Company announces the revised consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED BALANCE SHEET

December 31, 2019

		<i>Unit: RMB</i>	
Item	<i>Note</i>	December 31, 2019	December 31, 2018
Current assets:			
Cash at bank and on hand		5,675,029.60	6,893,833.34
Settlement reserve		-	-
Loans to banks and other financial institutions		-	-
Financial assets held for trading	4	12,805,610.08	16,357,612.88
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	5	911,289.64	948,317.44
Receivables financing		-	-
Advance payments		2,555,414.14	1,548,753.82
Premiums receivable		-	-
Reinsurance premium receivable		-	-
Reinsurance contract reserves receivable		-	-
Other receivables		2,233,310.05	1,722,316.16
Including: interest receivable		-	-
Dividends receivable		-	-
Financial assets purchased under agreements to resell		-	-
Inventories		3,427,665.42	2,638,478.91
Contractual assets		-	-
Held-for-sale assets		-	-
Non-current assets due within one year		-	-
Other current assets		819,188.33	763,073.16
Total current assets		<u>28,427,507.26</u>	<u>30,872,385.71</u>

Item	<i>Note</i>	December 31, 2019	December 31, 2018
Non-current assets:			
Loans and advances to customers		–	–
Creditor's right investment		–	–
Other creditor's right investment		–	–
Long-term receivables		–	–
Long-term equity investments		–	1,018,248.34
Other equity instrument investments		–	–
Other non-current financial assets		–	–
Investment properties		–	–
Fixed assets		6,815,669.29	6,712,473.87
Projects under construction		337,640.00	100,000.00
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		2,496,860.54	–
Intangible assets		66,722,943.01	92,625.30
Development expenditure		–	–
Goodwill		–	–
Long-term deferred expenses		1,976,094.58	3,360,543.51
Deferred income tax assets		–	–
Other non-current assets		<u>18,546,000.00</u>	<u>18,546,006.75</u>
 Total non-current assets		 <u>96,895,207.42</u>	 <u>29,829,897.77</u>
 Total assets		 <u><u>125,322,714.68</u></u>	 <u><u>60,702,283.48</u></u>

Item	<i>Note</i>	December 31, 2019	December 31, 2018
Current liabilities:			
Short-term borrowings		-	-
Borrowings from the central bank		-	-
Loans from other banks and financial institutions		-	-
Financial liabilities held for trading		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable	6	11,120,846.07	7,858,713.44
Advance receipts		180,639.40	20,817.90
Contractual liabilities		-	-
Financial assets sold under agreements to repurchase		-	-
Deposits from customers and other financial institutions		-	-
Receiving from vicariously traded securities		-	-
Receiving from vicariously underwritten securities		-	-
Payroll payable		3,801,140.03	3,787,254.52
Taxes and dues payable		2,023,412.35	2,213,840.23
Other payables		26,364,463.25	5,409,476.48
Among: interest payable		-	-
Dividends payable		-	-
Fees and commissions payable		-	-
Reinsurance amounts payable		-	-
Held-for-sale liabilities		-	-
Non-current liabilities due within one year		2,121,746.95	-
Other current liabilities		42,000,000.00	14,700,000.00
Total current liabilities		87,612,248.05	33,990,102.57

Item	Note	December 31, 2019	December 31, 2018
Non-current liabilities:			
Insurance contract reserves		-	-
Long-term borrowings		-	-
Bonds payable		-	-
Among: preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities		116,492.22	-
Long-term payables		-	-
Long-term payroll payable		-	-
Estimated liabilities		-	-
Deferred incomes		-	-
Deferred income tax liabilities		-	-
Other non-current liabilities		-	-
		<hr/>	<hr/>
Total non-current liabilities		116,492.22	-
		<hr/>	<hr/>
Total liabilities		<u>87,728,740.27</u>	<u>33,990,102.57</u>
Shareholders' equity:			
Capital stock		169,762,900.00	153,105,882.40
Other equity instruments		-	-
Among: preferred shares		-	-
Perpetual bonds		-	-
Capital reserves		160,569,046.27	142,246,326.91
Less: treasury shares		-	-
Other comprehensive income		-	-
Special reserves		-	-
Surplus reserves		16,435,819.34	16,435,819.34
General risk reserves		-	-
Undistributed profits		(312,249,722.09)	(288,014,535.55)
		<hr/>	<hr/>
Total shareholders' equity attributable to the parent company		<u>34,518,043.52</u>	<u>23,773,493.10</u>
*Minority shareholders' equity		<u>3,075,930.89</u>	<u>2,938,687.81</u>
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Total shareholders' equity		<u>37,593,974.41</u>	<u>26,712,180.91</u>
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Total liabilities and shareholders' equity		<u>125,322,714.68</u>	<u>60,702,283.48</u>

CONSOLIDATED INCOME STATEMENT

2019

Unit: RMB

Item	Note	2019	2018
I. Total operating revenue		39,163,021.88	44,455,522.46
Including: operating income	7	39,163,021.88	44,455,522.46
Interest income		-	-
Earned premiums		-	-
Handling fee and commission incomes		-	-
II. Total operating cost		63,807,660.85	66,212,484.75
Including: operating costs	7	37,795,984.51	43,369,330.75
Interest expenses		-	-
Handling fee and commission expenses		-	-
Cash surrender value		-	-
Net compensation expenses		-	-
Net appropriation of policy reserve		-	-
Policy dividend expenses		-	-
Reinsurance expenses		-	-
Taxes and surcharges	8	110,759.52	68,792.14
Selling expenses	9	688,949.99	420,994.97
Administrative expenses	10	21,400,702.24	20,229,029.96
R&D expenses	11	628,709.24	2,195,006.67
Financial expenses	12	3,182,555.35	(70,669.74)
Including: interest expenses		3,179,495.01	0.00
Interest income		19,357.36	26,902.67
Plus: other income	13	70,000.00	33,000.00
Investment income (for loss)	14	(2,109,911.57)	(467,311.09)
Among: income from investment in associates and joint ventures		(1,039,916.57)	(481,751.66)
Derecognition income of financial asset measured at the amortized cost		-	-
Exchange gain (“-” for loss)		-	-
Net exposure hedging income (“-” for loss)		-	-
Gain from changes in fair value (“-” for loss)	15	(3,556,002.80)	(8,788,406.92)
Credit impairment loss (“-” for loss)	16	1,119,467.07	(1,938,167.68)
Asset impairment loss (“-” for loss)	17	-	(7,436,805.16)
Gain from assets disposal (“-” for loss)	18	(30,917.50)	-
III. Operating profit (“-” for loss)		(29,152,003.77)	(40,354,653.14)
Plus: non-operating revenue	19	5,821,211.91	414,414.60
Less: non-operating expenses	20	745,391.31	1,015,306.63

Item	Note	2019	2018
IV. Total profit (“-” for loss)		(24,076,183.17)	(40,955,545.17)
Less: income tax expenses	21	21,760.29	12,051.04
IV. Net profit (“-” for loss)		(24,097,943.46)	(40,967,596.21)
(I) By business continuity		(24,097,943.46)	(40,967,596.21)
1. Net profit from continuing operations (“-” for loss)		(24,097,943.46)	(40,967,596.21)
2. Net profit from discontinuing operations (“-” for loss)			
(II) By ownership		(24,097,943.46)	(40,967,596.21)
1. Net profit attributable to the owners of the parent company (“-” for loss)		(24,235,186.54)	(41,080,399.03)
2. Minority profit and loss (“-” for loss)		137,243.08	112,802.82
V. Net of tax of other comprehensive income		-	-
Net of tax of other comprehensive income attributable to the owner of the parent company		-	-
(I) Other comprehensive income that cannot be reclassified into profit or loss		-	-
1. Changes arising from re-measurement of the defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-	-
3. Changes in fair value of other equity instrument investments		-	-
4. Changes in fair value of the enterprise’s credit risk		-	-
5. Others		-	-
(II) Other comprehensive income to be reclassified into the profit or loss		-	-
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		-	-
2. Changes in fair value of other creditor’s right investments		-	-
3. Amount of financial assets reclassified into other comprehensive income		-	-
4. Provision for credit impairment in other creditor’s right investments		-	-
5. Reserves for cash flow hedge (effective parts of cash flow hedge profit or loss)		-	-
6. Translation difference of foreign currency financial statements		-	-
7. Others		-	-
Net of tax of other comprehensive income attributable to minority shareholders		-	-
VI. Total comprehensive income		(24,097,943.46)	(40,967,596.21)
Total comprehensive income attributable to shareholders of the parent company		(24,235,186.54)	(41,080,399.03)
Total comprehensive income attributable to minority shareholders		137,243.08	112,802.82
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		(0.0158)	(0.0268)
(II) Diluted earnings per share (RMB/share)		(0.0158)	(0.0268)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2019

Unit: RMB

Item	Equity attributable to shareholders of the parent company													Total shareholders' equity
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Minority equity	
		Preferred shares	Perpetual bonds	Others										
I. Closing balance of the previous year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	16,435,819.34	-	(288,014,535.55)	-	2,938,687.81	26,712,180.51
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	16,435,819.34	-	(288,014,535.55)	-	2,938,687.81	26,712,180.51
III. Changes of the current year														
(decrease to be listed with "-")	16,657,017.60	-	-	-	18,322,719.36	-	-	-	-	-	(24,235,186.54)	-	137,243.08	10,881,793.50
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	(24,235,186.54)	-	137,243.08	(24,097,943.46)
(II) Capital invested and decreased														
by shareholders	16,657,017.60	-	-	-	18,322,719.36	-	-	-	-	-	-	-	-	34,979,736.96
1. Common shares invested by shareholders	16,657,017.60	-	-	-	18,322,719.36	-	-	-	-	-	-	-	-	34,979,736.96
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current year	169,762,900.00	-	-	-	160,569,046.27	-	-	-	16,435,819.34	-	(312,249,722.09)	-	3,075,930.89	37,593,974.41

2018

Equity attributable to shareholders of the parent company

Item	Other equity instruments				Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Minority equity	Total shareholders' equity
	Capital stock	Preferred shares	Perpetual bonds	Others										
I. Closing balance of the previous year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	16,435,819.34	-	(246,934,136.52)	-	2,825,884.99	67,679,777.12
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	16,435,819.34	-	(246,934,136.52)	-	2,825,884.99	67,679,777.12
III. Changes of the current year														
(decrease to be listed with "-")	-	-	-	-	-	-	-	-	-	-	(41,080,399.03)	-	112,802.82	(40,967,596.21)
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	(41,080,399.03)	-	112,802.82	(40,967,596.21)
(II) Capital invested and decreased by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	16,435,819.34	-	(288,014,535.55)	-	2,938,687.81	26,712,180.91

1. Basic Information of the Company

Place of registration, organizational form and address of headquarters of the Company

Incorporated and established on October 13, 1999, Xi'an Haitian Antenna Technologies Co., Ltd. (hereinafter referred to as the Company, and/or collectively referred to as the Group, if it includes any subsidiary) is a limited company by shares (and a listed joint venture co-funded by investors from both Taiwan, Hong Kong, Macao and Mainland China), holding a Business License for Legal Person with a unified credit code numbered as 916101317101664434, issued by the Xi'an Administration for Industry and Commerce, which domicile is located at No. 25 Shuoshi Road, Xi'an High-tech Industries Development Zone, legally represented by XIAO Bing, with the registered capital of RMB169,762,900, including paid-in capital of RMB169,762,900;

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

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

2. Basis for Preparation of Financial Statements

Preparation basis

On the going-concern basis, the financial statements of the Company have been prepared in accordance with actually-occurring transactions and items, the Accounting Standards for Business Enterprises issued by the Ministry of Finance and other relevant regulations, and disclosure requirements in Companies Ordinance of Hong Kong and Rules Governing the Listing of Securities/Rules Governing the Listing of Securities on GEM issued by Hong Kong Exchange, and accounting policies and accounting estimates stated in "IV. Significant Accounting Policies and Accounting Estimates" of the Notes.

Going concern

Since the end of the reporting period, the company has no significant doubt about the company's ability to continue as a going concern for 12 months, so it is reasonable to prepare financial statements on the basis of going concern.

3. APPLICATION OF NEW AND REVISED CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“ASBE”)

In the current year, the Group has adopted ASBE, instead of Hong Kong Financial Reporting Standards (“HKFRS”), for the preparation of consolidated financial statements of the Group as the operations and assets of the Group are principally located in the PRC. There are no material impact on the financial figures of the change in accounting standards from HKFRS to ASBE, except for reclassification of comparative figures..

The Group has applied the following new and revised ASBE in the current year:

ASBE No. 21 – Leases

“Notice of the Ministry of Finance on the Format for Revising and Issuing the Financial Statements for General Businesses in the Year of 2019”

“Notice on the Format for Amending and Issuing the Consolidated Financial Statements (2019 Edition)”

ASBE No. 7 – Exchange of Non-Monetary Assets (2019 Revision)

ASBE No. 12 – Debt Restructuring (2019 Revision)

4. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets held at fair value through profit or loss	12,805,610.08	16,357,612.88
Among: Investment in equity instruments	<u>12,805,610.08</u>	<u>16,357,612.88</u>
Total	<u>12,805,610.08</u>	<u>16,357,612.88</u>

5. Accounts receivable

Accounts receivable presented by bad debt provision method

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

(Continued table)

Type	Book balance		Opening balance		Book value
	Amount	Proportion	Amount	Provisions for bad debts	
		(%)		Proportion	
		(%)	Amount	(%)	
Provision for bad debts by single item	51,697,783.29	99.89	50,804,061.75	98.27	893,721.54
Provisions for bad debts by portfolio	54,595.90	0.11	0.00	0.00	54,595.90
Among: Aging portfolio	6,300.00	0.01	0.00	0.00	6,300.00
Low-risk portfolio	<u>48,295.90</u>	<u>0.10</u>	<u>0.00</u>	<u>0.00</u>	<u>48,295.90</u>
Total	<u>51,752,379.19</u>	<u>100.00</u>	<u>50,804,061.75</u>	<u>-</u>	<u>948,317.44</u>

Receivables presented by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	741,162.00	688,635.90
1-2 years	205,336.00	11,000.05
2-3 years	11,000.05	73,200.00
3-4 years	73,200.00	6,626,031.30
4-5 years	6,480,000.00	3,259,978.68
Over 5 years	<u>1,410,117.65</u>	<u>41,093,533.26</u>
Total	<u>8,920,815.70</u>	<u>51,752,379.19</u>

6. Accounts payable

Presentation of accounts payable

Items	Closing balance	Opening balance
Loan	10,999,570.45	7,794,284.90
Others	<u>121,275.62</u>	<u>64,428.54</u>
Total	<u>11,120,846.07</u>	<u>7,858,713.44</u>

Accounts payable presented by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	9,422,028.51	639,299.61
1-2 years	298,991.46	588,945.34
2-3 years	99,135.64	352,239.04
Over 3 years	<u>1,300,690.46</u>	<u>6,278,229.45</u>
Total	<u>11,120,846.07</u>	<u>7,858,713.44</u>

7. Operating income, operating costs

Items	Amount in current year		Amount in last year	
	Income	Costs	Income	Costs
Main business	38,750,753.87	37,671,462.11	44,183,814.01	43,302,152.08
Other businesses	<u>412,268.01</u>	<u>124,522.40</u>	<u>271,708.45</u>	<u>67,178.67</u>
Total	<u>39,163,021.88</u>	<u>37,795,984.51</u>	<u>44,455,522.46</u>	<u>43,369,330.75</u>

Composition of income and costs

Sales of goods	Main business income in 2019	Main business costs in 2019
Construction-related products	29,317,279.69	29,192,003.27
Agricultural products	7,384,006.11	6,653,198.23
Antenna products	1,912,839.75	1,769,853.91
Underwater monitoring and related products	<u>136,628.32</u>	<u>56,406.70</u>
Total	<u>38,750,753.87</u>	<u>37,671,462.11</u>

8. Taxes and surcharges

Items	Amount in current year	Amount in last year
Urban maintenance and construction tax	23,375.76	2,336.93
Education surcharge	2,024.52	1,669.22
Stamp duty	34,234.50	28,381.67
Water conservancy fund	985.03	2,035.91
Environmental protection tax	<u>50,139.71</u>	<u>34,368.41</u>
Total	<u>110,759.52</u>	<u>68,792.14</u>

9. Selling expenses

Items	Amount in current year	Amount in last year
Technical service fee	270,217.04	0.00
Payroll	144,872.98	271,205.71
Transport charge	92,519.22	4,626.42
Traveling fees	74,264.89	103,306.60
Business entertainment expenses	35,644.70	3,633.00
Publicity expenses	34,832.91	29,150.81
After-sales service charge	14,769.37	0.00
Office fees	15,714.60	7,288.00
Sample expenses	3,949.00	0.00
Product testing fee	1,792.45	0.00
Equipment depreciation	372.83	990.23
Others	0.00	794.20
Total	<u>688,949.99</u>	<u>420,994.97</u>

10. Administrative expenses

Items	Amount in current year	Amount in last year
Payroll	9,270,387.97	9,226,398.19
Intermediation fee	1,818,993.76	1,075,228.00
Decoration costs	1,650,293.06	1,659,172.88
Traveling fees	1,387,837.53	2,453,744.32
Depreciation of right-of-use assets	1,272,823.88	0.00
Depreciation costs	1,024,062.81	1,011,926.66
Business entertainment expenses	958,194.82	496,463.48
Vehicle expenses	791,523.41	797,509.60
Office fees	481,818.99	459,340.78
Leasing fee	0.00	1,413,785.34
Utilities	214,918.65	252,209.86
Property management fee	199,664.79	192,848.03
Farming commission	104,969.68	77,914.34
Expenses of the board of directors	87,000.00	140,652.83
Disabled security fund	62,614.36	48,303.72
Transport fees	60,251.57	53,620.41
Communication fee	47,561.60	59,675.25
Amortization of intangible assets	14,820.00	14,820.00
Auditor's remunerations	1,247,023.62	689,023.63
– Audit service fee	962,905.66	650,188.68
– Other service fee	284,117.96	38,834.95
Others	705,941.74	106,392.64
Total	<u>21,400,702.24</u>	<u>20,229,029.96</u>

11. R&D expenses

Items	Amount in current year	Amount in last year
Salary	318,440.24	530,298.20
Depreciation costs	137,824.68	1,594,045.35
Development service fee	135,849.06	0.00
Material fee	32,663.96	4,276.00
Traveling expenses	3,931.30	62,275.80
Others	0.00	4,111.32
Total	<u>628,709.24</u>	<u>2,195,006.67</u>

12. Financial expenses

Items	Amount in current year	Amount in last year
Interest expenditures	3,179,495.01	0.00
Less: Interest income	19,357.36	26,902.67
Plus: Exchange loss	33,174.74	0.00
Less: Exchange income	13,063.07	(68,153.35)
Plus: Other expenditures	42,529.37	24,386.28
Total	<u>3,182,555.35</u>	<u>(70,669.74)</u>

13. Other income

Source of other gain	Amount in current year	Amount in last year
Shaanxi Provincial Department of Science and Technology	50,000.00	0.00
Intellectual Property Office of Shaanxi	20,000.00	0.00
Credit Financial Service Platform of Xi'an High-tech Zone	0.00	31,500.00
Xi'an Technology Resources Market Co., Ltd.	0.00	1,500.00
Total	<u>70,000.00</u>	<u>33,000.00</u>

14. Investment income

Items	Amount in current year	Amount in last year
Long-term equity investment income accounted in equity method	(1,039,916.57)	(481,751.66)
Investment gain from disposal of financial assets held at fair value through profit or loss	36,657.80	14,440.57
Others	<u>(1,106,652.80)</u>	<u>0.00</u>
Total	<u><u>(2,109,911.57)</u></u>	<u><u>(467,311.09)</u></u>

Others are the equity interest in Suzhou Haitian acquired by step by the Company through multiple transactions, resulting in business combination. In preparing the consolidated financial statements, the equity interest in Suzhou Haitian held before the purchase date was re-calculated based on the fair value of the equity interest on the purchase date, and the difference between its fair value and carry amount are included in investment gain in the current period.

15. Gain from changes in fair value

Source of gain from changes in fair value	Amount in current year	Amount in last year
Financial assets measured at fair value through profit or loss	<u>(3,556,002.80)</u>	<u>(8,788,406.92)</u>
Total	<u><u>(3,556,002.80)</u></u>	<u><u>(8,788,406.92)</u></u>

16. Credit impairment loss

Items	Amount in current year	Amount in last year
Bad debt loss of accounts receivable	(878,510.17)	(992,849.41)
Bad debt loss of other receivables	123,021.14	(223,246.14)
Bad debt loss of advance payments	<u>(363,978.04)</u>	<u>3,154,263.23</u>
Total	<u><u>(1,119,467.07)</u></u>	<u><u>1,938,167.68</u></u>

17. Asset impairment loss

Items	Amount in current year	Amount in last year
Impairment loss of projects under construction	0.00	2,145,299.14
Impairment loss of intangible assets	0.00	5,291,506.02
Total	0.00	7,436,805.16

18. Gain from asset disposal (“-” for loss)

Items	Amount in current year	Amount in last year	Amount charged to non-recurrent profit or loss of the year
Gain from disposal of non-current assets	(30,917.50)	0.00	(30,917.50)
Among: Gain from disposal of fixed assets	(30,917.50)	0.00	(30,917.50)
Total	(30,917.50)	0.00	(30,917.50)

19. Non-operating revenue

Items	Amount in current year	Amount in last year	Amount charged to non-recurrent profit or loss of the year
Gains from debt restructuring	29,633.69	413,576.50	29,633.69
Default compensation incomes	3,120,000.00	0.00	3,120,000.00
Payments that cannot be paid	1,002,581.27	0.00	1,002,581.27
Others	1,668,996.95	838.10	1,668,996.95
Total	5,821,211.91	414,414.60	5,821,211.91

Others are mainly the overpaid tax of the previous year (RMB677,601.13) returned by the tax authority, and the incomes from business merger resulting from the acquisition of investee under the same control step by step through multiple transactions (RMB991,395.82).

20. Non-operating expenses

Items	Amount in current year	Amount in last year	Amount charged to non-recurrent profit or loss of the year
Losses from debt restructuring	0.00	940,000.00	0.00
Donations	119,014.00	65,000.00	119,014.00
Expenditures of fines	541.06	3,436.84	541.06
	<u>625,836.25</u>	<u>6,869.79</u>	<u>625,836.25</u>
Total	<u>745,391.31</u>	<u>1,015,306.63</u>	<u>745,391.31</u>

21. Income tax expenses

Items	Amount in current year	Amount in last year
Current income tax calculated according to tax law and relevant regulations	21,760.29	12,051.04
– China corporate income tax	21,760.29	12,051.04
– Hong Kong income tax	0.00	0.00
Deferred income tax expenses	<u>0.00</u>	<u>0.00</u>
Total	<u>21,760.29</u>	<u>12,051.04</u>

Since the Group has no taxable income in Hong Kong during the year, there is no Hong Kong income tax.

22. Dividends

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

23. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity (%)	EPS (CNY/share)	
		Basic EPS	Diluted EPS
Net profits attributable to the common shareholders of the parent company	(166.06)	(0.0158)	(0.0158)
Net profits attributable to the common shareholders of the parent company after deduction of non-recurring gains and losses	<u>(194.90)</u>	<u>(0.0186)</u>	<u>(0.0186)</u>

24. Financial information of the reporting segments in the year

The analysis of the Group's assets, liabilities, incomes and costs by reportable and operating segments is as follows:

Segment assets:

Segment	Ending balance	Opening balance
Sales of antenna products and provision of related services	95,280,963.93	5,600,410.00
Sales of underwater monitoring products and related products	758,153.40	799,033.00
Sales of UAV products	1,123,257.37	21,661,333.00
Sales of construction-related products	2,285,141.10	1,258,518.00
Sales of agricultural products	5,776,284.62	4,140,456.00
Total segment assets	105,223,800.42	33,459,750.00
Undistributed assets	<u>20,098,914.26</u>	<u>27,242,533.48</u>
Total comprehensive assets	<u>125,322,714.68</u>	<u>60,702,283.48</u>

Segment liabilities:

Segment	Ending balance	Opening balance
Sales of antenna products and provision of related services	22,308,144.44	14,136,892.00
Sales of underwater monitoring products and related products	70,389.69	62,069.00
Sales of UAV products	80,000.00	224,657.00
Sales of construction-related products	17,427,568.29	1,567,330.00
Sales of agricultural products	918,436.61	88,511.00
Total segment liabilities	40,804,539.03	16,079,459.00
Undistributed	<u>46,924,201.24</u>	<u>17,910,643.57</u>
Total comprehensive liabilities	<u><u>87,728,740.27</u></u>	<u><u>33,990,102.57</u></u>

Segment incomes and costs

Sales of goods	Main business incomes in 2019	Main business costs in 2019
Antenna products	1,912,839.75	1,769,853.91
Underwater monitoring and related products	136,628.32	56,406.70
UAV products	0.00	0.00
Construction-related products	29,317,279.69	29,192,003.27
Agricultural products	<u>7,384,006.11</u>	<u>6,653,198.23</u>
Total	<u><u>38,750,753.87</u></u>	<u><u>37,671,462.11</u></u>

Segment revenue and performance

Items	Sales of antenna products and provision of related services	Sales of underwater monitoring products and related products	Sales of UAV products	Sales of construction- related products	Sales of agricultural products	Total
Revenue:						
External sales	1,912,839.75	136,628.32	0.00	29,317,279.69	7,384,006.11	38,750,753.87
Segment profit (loss)	3,018,951.58	79,264.46	(179,152.47)	(197,851.10)	479,735.60	3,200,948.07
Other incomes not distributed	0.00	0.00	0.00	0.00	0.00	(1,588,983.94)
Changes in the fair value of financial assets charged to profit and loss at fair value are not allocated and enterprise expenditures	0.00	0.00	0.00	0.00	0.00	(3,556,002.80)
Financial costs	0.00	0.00	0.00	0.00	0.00	(3,182,555.35)
Undistributed incomes	0.00	0.00	0.00	0.00	0.00	387,892.96
Undistributed expenditures	0.00	0.00	0.00	0.00	0.00	(18,262,183.44)
Investment incomes of joint ventures	0.00	0.00	0.00	0.00	0.00	(1,039,916.57)
Loss before tax	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(24,076,183.16)</u>

25. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2019 on 12 March 2020, 200,000,000 Domestic Shares were allotted and issued to the subscribers under specific mandate which was approved by the extraordinary general meeting on 19 March 2018 (more particularly described in the circular of the Company dated 2 February 2018). The share capital of the Company immediately after the allotment and issue of 200,000,000 Domestic Shares is increased from 1,697,629,000 shares to 1,897,629,000 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Revenue recorded for the year ended 31 December 2019 was approximately RMB39.16 million, representing a decrease of approximately 12% from approximately RMB44.46 million for the year of 2018. During the year, the Group mainly operated in 5 reportable and operating segments including sales of antenna products and related services, sales of underwater surveillance and related products, sales of unmanned aerial products, sales of construction related products, and sales of agricultural products.

Sales of antenna products and related services

The year of 2019 was the very first year for the 5G commercial use. As such, the Company mainly focused on the business of mobile communication products in the past year. While the Company was developing 4G related businesses, namely network planning, network optimisation and network construction, it also launched marketing campaigns for the new high-end antenna products under a series of artificial dielectric lens (人工介質透鏡天綫系列產品) (the “Antenna Products”) applicable to 5G. In the first half of the year, the Company promoted and displayed the Antenna Products through various exhibitions relating to communication industry and communication forums, in addition to taking steps to pitch the Antenna Products to various operators and to conduct related testing, and followed by live network testing on the Antenna Products carried out by the Company with the operators in various scenarios. The test results were highly satisfactory that garnered wide recognition among the operators. Nevertheless, as the major operators were yet to proceed to large-scale network construction in 2019, relevant income to be derived from the Antenna Products has hitherto not contributed to the Company.

Accordingly, revenue from the operating segment of sales of antenna products and related services slightly increased to approximately 5% for the year, which was mostly come from 4G antenna products.

Sales of underwater surveillance and related products

As for a series of products in marine engineering equipment, the Company analysed its overall product performance and market situation in 2019. The markets for product application had been expanding by means of enhancement of product structure, product performance and product application effects. The Company continued to develop in a proactive approach for multi-series marine equipment products which were applicable to fire rescue, detection in deep water and polar environment, and radar detection; and it gradually developed new markets in deep water industry, such as reservoirs and seaports.

Revenue from the operating segment of underwater surveillance and related products was less than 1% as most of resources was allocated to the improvement of existing products and development of new products during the year in order to enhance the communication capacity to 5G technologies.

Sales of unmanned aerial products

Given drone products are not reaching the stage of mass production and sales at present, this segment was yet to generate sales income in 2019. In response to market demand, the Company continues to optimise the product performance and to accelerate the finalisation of this series of products which is expected to be launched on the market as soon as possible.

Therefore, no revenue was generated from the operating segment of sales of unmanned aerial products during the year as the product improvement was still undertaken.

Sales of construction related products

Relying on certain preferential policies in Shanghai Free Trade Zone, building materials trading launched steadily since 2016. As there were specific requirements for building materials by different customers and building materials were sensitive to price fluctuation, all sales and purchases were conducted in back-to-back trading in order to minimise inventory risk and price fluctuation risk. The Group also adopted low gross profit margin policy to improve turnover rate of trading products during the year. There was no significant change in operations during the year.

During the year, trading products mainly consisted of aluminium ingots which was accounted for approximately 76% of revenue of the Group. Approximately RMB29.32 million was recognised as revenue during the year, representing merely 78% of revenue generated in 2018, because relatively high price fluctuation was sustained during the year.

Sales of agricultural products

For the agricultural and sideline products, the Company made steady development through Hailan Natural Agriculture Development Co., Ltd.* (海蘭天然農業開發有限公司) in Yi County of Hebei Province in 2019. This segment added more income to the Group in 2019 as a double harvest of corporate profits and active fulfilment of social responsibilities was achieved. Subsequently, leveraging the policies and geographical advantages in the navy fixed-point poverty alleviation village, and combined with existing social reputation effects, the Group expanded the markets of agricultural and sideline products through various communication channels, thereby creating more collaboration opportunities and improving the sales performance of the Group.

In addition to a good market response, the business achieved profitability during the year. Revenue generated from trading of agricultural products was approximately 19% during the year, comparing to approximately 11% of revenue in 2018.

No revenue was recorded for overseas markets during the year.

GROSS PROFIT

Gross profit of approximately RMB1.37 million was recorded for the year with gross profit margin of approximately 3.49%, representing an increase of 1.05% as when comparing to gross profit margin of approximately 2.44% in 2018. It was mainly attributable to greater profit generated from the operating segment of sales of agricultural products.

OTHER INCOME AND NON-OPERATING REVENUE

Approximately RMB5.89 million was recorded other income and non-operating revenue in 2019, representing approximately 1,317% of 2018, of which approximately RMB3.12 million was received as liquidated damages from a supplier due to failure of required technical specifications of products and RMB1.03 million was realised as gain on debts restructuring in respect of wavier of trade and other payables during the year.

SEGMENT RESULTS

Selling expenses for the year were raised from approximately RMB0.42 million in 2018 to approximately RMB0.69 million, representing an increase of approximately 64%, as approximately RMB0.27 million was incurred as technical service fees for the operating segment of sales of antenna products and related services.

Reversal of impairment loss on accounts receivable of approximately RMB0.88 million was recorded for the receipts from impaired debts. The accumulated impairment loss on accounts receivable was approximately 90% of total accounts receivable at 31 December 2019 and approximately 89% of accounts receivable was past due within one year but not impaired.

Approximately RMB0.24 million was reversed for impairment loss on other receivables and advance payments during the year.

After allocation of a) grants received, gain on debts restructuring, other tax refund and liquidated damages received; b) selling expenses; c) loss on debts restructuring, research and development costs, loss on disposal of plant and equipment, depreciation and amortisation expenses; and d) impairment loss on account receivables, other receivables and advance payments recognised and reversed, except for the operating segments of sales of unmanned aerial products and sales of construction related products, segment profits were reported for all other operating segments. It was attributable to no sales were recognised for unmanned aerial products, and the sales volume of low profit margin construction related products was not sufficient to cover the existing operating costs.

OTHER COSTS AND EXPENSES

Administrative expenses were increased from approximately RMB20.23 million in 2018 to approximately RMB21.40 million for the year, representing an increase of approximately 6%. Generally, the overall expenses were kept in strict control with decrease in amounts utilised. Approximately RMB1.02 million was incurred for legal and professional services in respect of full acquisition of an associate during the year.

Interest expenses of approximately RMB3.08 million were incurred by the short-term borrowings which were for operation purposes. Approximately RMB0.10 million was regarded as the interest element of payment under operating leases.

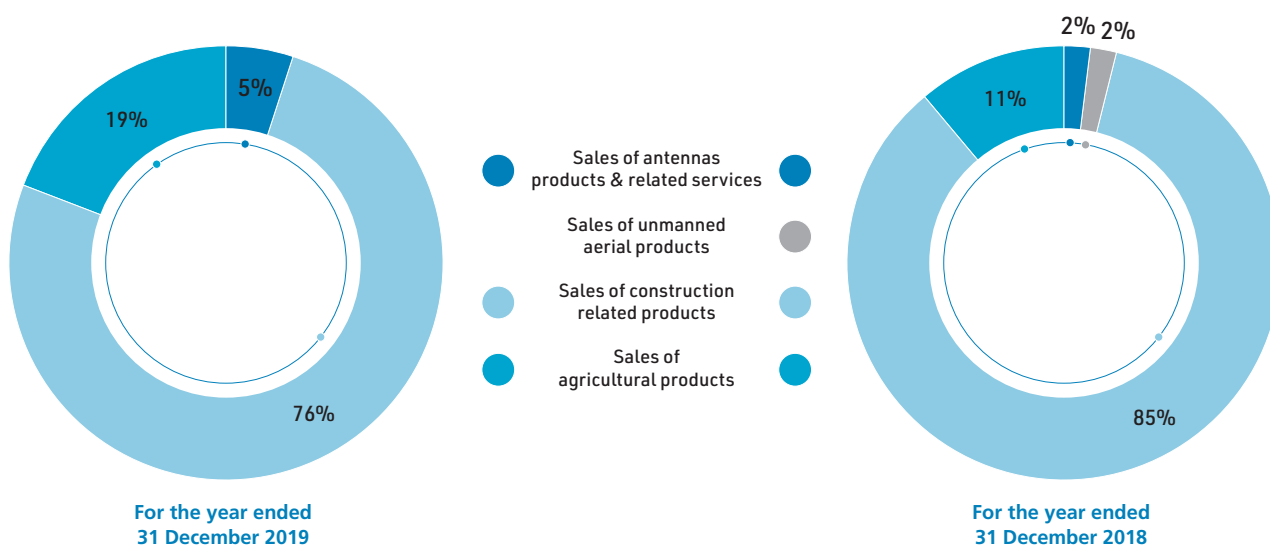
Loss on fair value changes of financial assets at fair value through profit and loss of RMB3.56 million was recorded in respect of listed equity securities held as the result of drop in market price at 31 December 2019. Accordingly, the fair value of financial asset at fair value through profit and loss at 31 December 2019 was approximately 36% lower than the original acquisition costs.

In order to enhance the research and development of new technologies for 5G antenna products, the Group invested in an associate since 2018 and the associate was become a wholly-owned subsidiary in December 2019. Accordingly, loss of approximately RMB1.04 million was recognised as a share of result of the associate as its full production would be began in the year of 2020.

LOSS FOR THE YEAR

As the sales of 5G products was not commenced and the operating segments of sales underwater surveillance and related products and sales of unmanned aerial products had low revenue, together with loss on fair value changes of financial assets at fair value through profit and loss, loss of approximately RMB23.98 million was reported for the year, which was approximately 41% less than loss of approximately RMB40.97 million reported in 2018.

Composite of Group's revenue by reportable and operating segments for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, are provided as follows:



PROSPECTS

In 2020, based on the new artificial dielectric lens series of antenna product which has currently been researched and developed and launched to the market, the Group will continue to proactively seize the favourable opportunities brought by the commercialisation of 5G according to the needs of market development and carry out research and development and marketing work of relevant products centring mobile communication industry.

According to the work planning of departments including Ministry of Industry and Information Technology (MIIT) of the PRC as well as the 5G commercialisation plan of the major operators in the PRC, 2020 will embark on the large-scale construction stage of 5G communication. As such, the major task of the Company in 2020 is still to proactively grasp the 5G market. The Group will continue to enhance its investment in research and development on the basis of the successfully developed new artificial dielectric lens multi-beam series of antenna with constant increase in talent and capital support and continue to develop a series of antennas products in different frequency bands and with new materials which are characterised by new broadband, multiple-beam, high gain and full-angle coverage and could be widely used in a variety of industries including 5G mobile communication, wireless local area network (W-LAN), unmanned vehicles, automotive electronics, internet of things (IoTs) and smart city, and for many purposes, in order to comprehensively enrich and perfect mobile communication related product series, and strengthen the core competitiveness of the Company in the mobile communication era.

Meanwhile, in 2020, the Company will continue to focus on the relevant work of enhancing network optimisation and network construction centring “the expansion of wireless network coverage, conservation of user cost, enhancement of service quality of network business and enrichment of user experience” and devote its greatest effort in the “skip-stop and close-stop” technique product specialised by the Company in order to ensure that the Group can snatch pre-emptive opportunities in the market in respect of mobile communication business and thereby create greater benefits for the Group.

In addition, the Company will continue the synergistic development of other businesses including aviation and aerospace, marine system engineering, trading and agricultural products, etc. and continue to enhance its investment in research and development of aviation and aerospace and marine system engineering as well as the communication and cooperation with domestic and overseas renowned technology research and development corporations, so as to build a brand structure with diversity development focusing on communication for the Group.

With regard to the capital required for the future development of the Group, in addition to bank borrowings and revitalising existing assets, the Group will also carry out financing when appropriate through additional issuance of new shares and issuance of bonds. The Group will closely follow the domestic capital market, particularly the new policies published by the China Securities Regulatory Commission (CSRC) and the two stock exchanges in Shanghai and Shenzhen, and explore new financing channels based on the development of its own businesses. The Board and the management of the Group will strive to turn the Group into a high-tech enterprise with diversified operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the Group was mainly financed by funds generated from operations, issue of shares, short-term borrowings, and lease liabilities under right-of-use assets. The short-term borrowings were mainly for daily operations and the lease liabilities were solely used for financing those assets and services under operating leases of the Group during the year. As at 31 December 2019, the Group had the short-term borrowings of approximately RMB1.72 million which were repayable within one year, and the lease liabilities of approximately RMB2.24 million which were classified in accordance with the lease terms.

During the year, the interest-bearing borrowings borne interest rates from 1% to 12% per annum and the lease liabilities borne interest rate of 7.13% per annum. Majority of debts for operations were denominated in RMB during the year. Details of policy in respect of interest rate risk and foreign exchange risk are disclosed in note IX to the consolidated financial statements, the Directors consider that exposure to interest rate risk and foreign exchange risk was minimal.

As at 31 December 2019, the gearing ratio of the Group was approximately 11.44% (2018: not applicable as no interest-bearing borrowings), which is calculated based on the sum of total interest-bearing borrowings and lease liabilities over the equity attributable to owners of the Company. Details of changes in equity of the Group are disclosed in the consolidated statement of changes in shareholders equity of the annual report and the structure of share capital is disclosed in note VI to the consolidated financial statements.

Cash and cash equivalents decreased approximately from RMB6.89 million to RMB5.68 million. As at 31 December 2019, no bank deposit was pledged to secure any operations and liabilities of the Group.

FOREIGN EXCHANGE EXPOSURE

Since majority of the transactions of the Group are denominated in RMB, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review. The Group did not enter into any material foreign exchange contracts, interest or currency swaps or other financial activities. Details of policy in respect of foreign exchange risk are disclosed in note IX to the consolidated financial statements, the Directors consider that exposure to foreign exchange risk was minimal.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, interest in an associate and financial assets at fair value through profit and loss disclosed in notes XI and VI to the consolidated financial statements respectively, the Group did not hold any significant investment for the year ended 31 December 2019.

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

As at 31 December 2019, an aggregate of 5,080,004 ordinary shares (“Cloud Live Shares”) of nominal value of RMB1 each in the issued share capital of Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司) (“Cloud Live”) were held by the Group, representing approximately 0.64% of the total issued share capital of Cloud Live, and the fair value of Cloud Live Shares was approximately RMB12.81 million, representing approximately 10.22% of total assets of the Group. Comparing to the aggregate consideration for the acquisition of Cloud Live Shares of approximately RMB20.01 million, an accumulated loss arising on change in fair value of financial assets at fair value through profit or loss of approximately RMB7.20 million was recognised. Mr. Chen Ji, an executive Director, and Ms. Huang Jing, a non-executive Director, are the directors of Cloud Live, and Mr. Chen Ji and his associates directly and indirectly held approximately 23.81% of the total issued share capital of Cloud Live.

According to the published financial information of Cloud Live, net loss for the year ended 31 December 2019 and net assets as at 31 December 2019 attributable to the owners was approximately RMB35.74 million and RMB9.31 million respectively (2018: net profit of approximately RMB8.03 million and net assets of approximately RMB23.81 million respectively). No dividend was declared by or received from Cloud Live, but approximately RMB3.56 million was recognised as net loss arising on change in fair value of financial assets at fair value through profit or loss during the year of 2019.

Cloud Live is a joint stock limited company established in the PRC and its shares are listed on the Shenzhen Stock Exchange (002306.SZ). Cloud Live is principally engaged in group catering business in Beijing, Zhengzhou and Wuxi. In order to strengthen the management and control of existing group catering business, actively develop new group catering project and expand the scope of operation, effective cost control measures and improvements in product quality and food safety would be the main objective of Cloud Live in the foreseeable future. At the same time, Cloud Live actively considers different financing channels including restructuring, mergers and acquisitions to implement further development.

The Directors consider that the investment in Cloud Live has good growth potential and will create reasonable return to the Group due to the potential improvement in operating results and increment in net assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, the Company issued 166,570,176 domestic shares of the Company to acquire approximately 91.43% equity interest in an associate, Suzhou Haitian New Antenna Technologies Co., Ltd.* (蘇州海天新天綫科技有限公司), which therefore became a wholly-owned subsidiary of the Group. Accordingly, approximately RMB1.04 million was accounted for share of result of an associate for the year of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 73 (2018: 52) full-time employees. Total staff costs for the year of 2019 amounted to approximately RMB9.93 million (2018: RMB9.98 million), including remuneration of the Directors and members of the supervisory committee (the “Supervisors”). All employees of the Group are eligible to participate in the defined contribution retirement schemes required by the law. The Group reviews employee remuneration from time to time and the increments in remuneration are normally granted annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance. Bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group has not granted any share options to the Directors and its employees. A comprehensive career development programme is launched for all employees which provides diversified part-time training opportunities in accordance with the needs of their positions and specialities. Details of remuneration of the Directors, Supervisors and senior management by band are disclosed in note XI to the consolidated financial statements.

CHARGES ON GROUP ASSETS

As at 31 December 2019, no assets of the Group were pledged for its operations and liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2019, the Group had no material capital expenditure contracted for but not provided in the consolidated financial statements.

Save as disclosed herein the Group did not have other plans for material investment.

CONTINGENT LIABILITIES

As at 31 December 2019, except for those disclosed in note XVI to the consolidated financial statements, the Group did not have any material contingent liabilities.

UTILISATION OF NET PROCEEDS FROM EQUITY FUND RAISING ACTIVITIES

During the year ended 31 December 2019, utilisation of net proceeds from equity fund raising activities is as follows:

Issue of 92,000,000 H shares under general mandate completed in full on 15 December 2016

Particulars of issue (more particularly described in the announcement of the Company dated 19 August 2016)

Date of issue:	19 August 2016
Closing price per H share:	HK\$0.285 as quoted on date of issue
Subscription price per H share:	HK\$0.25 (a discount of approximately 12.28% to the closing price per H Share)
Subscribers:	Auspicious Zone Investments Limited, Clear Renown Global Limited and Oceanic Bliss Holdings Limited

Intended use of net proceeds	Approximate amount of net proceeds raised (million)	Approximate amount of net proceeds utilised			Approximate amount of net proceeds unutilised (million)
		Previously utilised (million)	Utilised during the year (million)	Total utilised (million)	
Repayment of bank loans and interest expenses	HK\$6.10	HK\$6.09	HK\$0.01	HK\$6.10	HK\$0.00
Working capital of the Group	HK\$16.40	HK\$15.94	HK\$0.46	HK\$16.40	HK\$0.00
Total	HK\$22.50	HK\$22.03	HK\$0.47	HK\$22.50	HK\$0.00

The net proceeds were fully utilised without material delay and change of the proposed use.

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

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

Date of subscription agreements: 10 October 2017

Closing price per H share: HK\$7.400 as quoted on date of subscription agreements

Subscription price per domestic share: RMB0.21 (equivalent to approximately HK\$0.248, representing a discount of approximately 96.65% to the closing price per H Share)

Subscribers: Shanghai Gaoxiang Investment Management Company Limited* (上海高湘投資管理有限公司), Mr. Xiao Bing (肖兵先生), Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生)

Proposed use of net proceeds	Approximate amount of net proceeds raised – original (million)	Approximate amount of net proceeds raised – after reallocation (million)	Approximate amount of net proceeds utilised during the year (million)	Approximate amount of net proceeds utilised Total utilised (million)	Approximate amount of net proceeds unutilised (million)
The research and development, trial production, production, marketing and general working expenses of new models of antennas including antennas manufactured by the use of new materials, WIFI antennas and 5G antennas	RMB30.00	RMB39.10	RMB39.10	RMB39.10	RMB0.00
The research and development, trial production, production, marketing and general working expenses of heavy-lift unmanned gyroplane and mini commanding and monitoring unmanned gyroplane	RMB10.00	RMB1.40	RMB1.39	RMB1.39	RMB0.01
The research and development, trial production, production, marketing and general working expenses of underwater surveillance equipment	RMB1.00	RMB0.50	RMB0.50	RMB0.50	RMB0.00
Total	RMB41.00	RMB41.00	RMB40.99	RMB40.99	RMB0.01

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

At the time when the subscription agreements were signed, the issue of new domestic shares must be approved by the Department of Commerce of Shaanxi Province* (陝西省商務廳) (the “Commerce Department”) and then registered with the Department of Industry and Commerce of Xi’an* (西安市工商行政管理局) (the “Industry and Commerce Department”) (the “Original Regulations”). After obtaining shareholders’ approval to issue new domestic shares on 19 March 2018, the Company applied to the Commerce Department for approval in accordance with the Original Regulations, but it was informed that the Original Regulations had been changed. Under the new regulations, the issue of new domestic shares of the Company must first be registered with the Industry and Commerce Department and then filed with the Commerce Department (the “2018 Regulations”). Since the subscription agreements were signed under the Original Regulations, the Company could not obtain notice to proceed the registration in accordance with the Original Regulations or the 2018 Regulations. Therefore, the Company and the subscribers reached an agreement in June 2018 in which all parties agreed to extend the subscription agreements until the approval and registration procedures are clear.

At the end of 2018, the Industry and Commerce Department adopted the principle of territorial management, and the institution for the issue of new domestic share registration was changed from the Industry and Commerce Department to the Hi-tech Industrial Development Zone Division of the Industry and Commerce Department (the “Hi-tech Division”). The handover of registration was completed in June 2019, the Hi-tech Division officially began to accept the registration in accordance with the 2018 Regulations, however the Company still failed to obtain a clear notice.

At the end of 2019, the Ministry of Commerce of the People’s Republic of China* (中華人民共和國商務部) issued new regulations, under which the completion of the issue of domestic shares is only required to be filed with the Hi-tech Division (the “2019 Regulations”), and the Company was notified that the new domestic shares could be issued and then filed in accordance with the 2019 Regulations. Accordingly, the Company completed the issue of new domestic shares in accordance with the 2019 Regulations on 12 March 2020.

In June 2019, The Ministry of Industry and Information Technology of the PRC has granted 5G licences for commercial use to China Telecom, China Mobile, China Unicom and China Broadcast Network, which introduced the official commercial use of the 5G technology in the PRC. The mobile communication industry has been widely recognised as one of the markets with largest and fastest growth in the next few years. It is expected that mobile communication operators will start large-scale network construction in 2020. Leveraging on the artificial medium lens multi-beam antenna (人工介質透鏡多波束天線) products of the Group following the acquisition of Suzhou Haitian New Antenna Technologies Co., Ltd.* (蘇州海天新天綫科技有限公司) in December 2019, the Group would actively seize the substantial opportunities in the 5G market. The Group would fully integrate its resources, and make full use of its operation and production experience and sales network in the communications industry to promote the mobile communication antenna products. At the same time, the Group would continue to develop a series of new materials antenna products in different frequency bands that can be widely used in 5G mobile communication, W-LAN and other industries and scenarios. With a view to accommodating the Group's development and strategies and meeting the needs of its production and operation, the Board had resolved on 26 December 2019 to reallocate the net proceeds raised for proposed use as the above.

Due to the change of market condition and reallocation of net proceeds, approximately RMB40.99 million was utilised during the year, compared to approximately RMB32.68 million to be utilised for the proposed use in the first year. The unutilised amount would be used in the second year without material delay and change of proposed use.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of the Company is always committed to maintaining high standards of corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 December 2019.

Code of conduct for securities transactions by Directors

The Company adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings as referred to in Rules 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 of dealings and the code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules in April 2003. The Audit Committee is currently chaired by, an independent non-executive Director, Professor Shi Ping and the other members are Professor Lei Zhenya and Ms. Huang Jing, with the majority being independent non-executive Directors.

The terms of reference of the Audit Committee is published on the Company's website.

During the financial year ended 2019, the Audit Committee has, amongst other things, reviewed the quarterly, half-yearly and annual results of the Company and reviewed internal control matters of the Company. The Audit Committee has reviewed the preliminary financial results of the Group for the year ended 31 December 2019.

The Audit Committee has confirmed that the preliminary annual results announced on 31 March 2020 were revised on the basis of:

- reclassification of comparative figures due to the change of accounting standards from HKFRS to ASBE
- adjustment to impairment loss on accounts receivable, other receivables and advance payments
- elimination of goodwill arising on acquisition of an associate in accordance with valuation results
- change of discounting rate used for the valuation of the right-of-use assets and the lease liabilities

Summary of the major and significant revision is as follows:

Items	Preliminary annual results RMB	Revised annual results RMB
Trade receivables/Accounts receivable	957,498.00	911,289.64
Deposits, other receivables and prepayments	5,717,200.00	–
Advance payments	–	2,555,414.14
Other receivables	–	2,233,310.05
Goodwill	5,839,927.00	–
Intangible assets	60,097,600.00	66,722,943.01
Right-of-use assets	3,408,457.00	2,496,860.54
Lease liabilities	2,509,837.00	2,238,239.17
Loss and total comprehensive expense for the year/ Total comprehensive income	<u>(23,920,089.00)</u>	<u>(24,097,943.46)</u>

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 year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

At least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2019 and as at the date of this announcement.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions" and except for Directors' and Supervisors' service contracts, no contract of significance, to which the Company or its subsidiaries was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

CONNECTED TRANSACTIONS

During the year, the Company has undertaken and/or approved significant and discloseable connected transactions with connected persons of the Company (as defined under the GEM Listing Rules) as follows:

On 9 December 2019, the shareholders of the Company approved to issue 166,570,176 Domestic Shares at RMB0.21 per share, being approximately RMB34.98 million, to acquire approximately 91.43% equity interest in an associate, Suzhou Haitian New Antenna Technologies Co., Ltd.* (蘇州海天新天綫科技有限公司) ("Suzhou Haitian"), which was held as to approximately 86.43% by Xi'an Xiao's Antenna Technologies Co., Ltd.* (西安肖氏天綫科技有限公司) ("Xiao Antenna") and approximately 5.00% by Mr. Liao Kang (廖康先生). Xiao Antenna is beneficially owned as to 70.00% by Professor Xiao Liangyong (肖良勇教授) and 30.00% by Mr. Chen Jing (陳靜女士) who are the father and the spouse of Mr. Xiao Bing, an executive Director and chairman of the Board, respectively. Xiao Antenna is therefore a connected person of the Company under the GEM Listing Rules (more particularly described in the circular of the Company dated 25 October 2019).

On 20 December 2019, the relevant 166,570,176 Domestic Shares were issued to complete the acquisition of Suzhou Haitian and Suzhou Haitian became a wholly-owned subsidiary of the Group.

REVISED ANNOUNCEMENT OF THE RESULTS AND SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated balance sheet, consolidated income statement and consolidated statement of changes in shareholders' equity and the related notes thereto for the year ended 31 December 2019 as set out in this revised annual results announcement have been agreed by the Group's auditor, SHINEWING Certified Public Accounts LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING Certified Public Accounts LLP in this respect did not constitute an assurance engagement in accordance with ASBE and consequently no assurance has been expressed SHINEWING Certified Public Accounts LLP on the revised annual results announcement.

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

Xi'an, the PRC, 17 April 2020

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