



西安海天天綫科技股份有限公司

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

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

(Stock Code: 8227)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.*

ANNUAL RESULTS

The board of Directors (the “Board”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED BALANCE SHEET

31 December 2020

		<i>Unit: RMB</i>	
Item	Note	31 December 2020	31 December 2019
Current assets:			
Cash at bank and on hand		2,065,197.50	5,675,029.60
Settlement reserve		-	-
Loans to banks and other financial institutions		-	-
Financial assets held for trading	3	2,334,010.60	12,805,610.08
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	4	2,165,411.16	911,289.64
Receivables financing		-	-
Advanced payments		706,310.57	2,555,414.14
Premiums receivable		-	-
Reinsurance premium receivable		-	-
Reinsurance contract reserves receivable		-	-
Other receivables		2,074,844.67	2,233,310.05
Of which: Interest receivable		-	-
Dividends receivable		-	-
Financial assets purchased under agreements to resell		-	-
Inventories		7,843,229.28	3,427,665.42
Contractual assets		-	-
Held-for-sale assets		-	-
Non-current assets due within one year		-	-
Other current assets		<u>1,048,655.53</u>	<u>819,188.33</u>
Total current assets		<u>18,237,659.31</u>	<u>28,427,507.26</u>

Item	<i>Note</i>	31 December 2020	31 December 2019
Non-current assets:			
Loans and advances to customers		–	–
Creditor's right investment		–	–
Other creditor's right investment		–	–
Long-term receivables		–	–
Long-term equity investments		–	–
Other equity instrument investments		–	–
Other non-current financial assets		–	–
Investment properties		–	–
Fixed assets		6,152,972.24	6,815,669.29
Projects under construction		128,205.13	337,640.00
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		9,542,773.41	2,496,860.54
Intangible assets		58,939,423.05	66,722,943.01
Development expenditure		–	–
Goodwill		–	–
Long-term deferred expenses		180,236.65	1,976,094.58
Deferred income tax assets		–	–
Other non-current assets		<u>13,042,225.16</u>	<u>18,546,000.00</u>
 Total non-current assets		 <u>87,985,835.64</u>	 <u>96,895,207.42</u>
 Total assets		 <u>106,223,494.95</u>	 <u>125,322,714.68</u>

Item	<i>Note</i>	31 December 2020	31 December 2019
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	5	11,358,974.27	11,120,846.07
Advanced receipts		–	180,639.40
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		3,831,316.18	3,801,140.03
Taxes payable		1,905,375.50	2,023,412.35
Other payables		20,404,258.11	26,364,463.25
Of which: Interest payable		–	–
Dividends payable		–	–
Fees and commissions payable		–	–
Reinsurance amounts payable		–	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		2,981,115.59	2,121,746.95
Other current liabilities		13,500,000.00	42,000,000.00
Total current liabilities		<u>53,981,039.65</u>	<u>87,612,248.05</u>

Item	<i>Note</i>	31 December 2020	31 December 2019
Non-current liabilities:			
Insurance contract reserves		–	–
Long-term borrowings		–	–
Bonds payable		–	–
Of which: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities		7,300,903.84	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		<u>7,300,903.84</u>	<u>116,492.22</u>
Total liabilities		<u><u>61,281,943.49</u></u>	<u><u>87,728,740.27</u></u>
Shareholders' equity:			
Capital stock		189,762,900.00	169,762,900.00
Other equity instruments		–	–
Of which: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserves		182,569,046.27	160,569,046.27
Less: Treasury shares		–	–
Other comprehensive income		–	–
Special reserves		–	–
Surplus reserves		16,435,819.34	16,435,819.34
General risk reserves		–	–
Undistributed profits		(346,442,138.02)	(312,249,722.09)
		<hr/>	<hr/>
Total shareholders' equity attributable to the parent company		<u>42,325,627.59</u>	<u>34,518,043.52</u>
Minority shareholders' equity		<u>2,615,923.87</u>	<u>3,075,930.89</u>
Total shareholders' equity		<u>44,941,551.46</u>	<u>37,593,974.41</u>
Total liabilities and shareholders' equity		<u><u>106,223,494.95</u></u>	<u><u>125,322,714.68</u></u>

CONSOLIDATED INCOME STATEMENT

2020

Unit: RMB

Item	Note	2020	2019
I. Total operating revenue		12,177,460.98	39,163,021.88
Of which: Operating income	6	12,177,460.98	39,163,021.88
Interest income		–	–
Earned premiums		–	–
Handling fee and commission incomes		–	–
II. Total operating cost		43,531,343.13	63,807,660.85
Of which: Operating costs	6	9,330,714.11	37,795,984.51
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	7	101,841.91	110,759.52
Selling expenses	8	876,427.11	688,949.99
Administrative expenses	9	28,648,154.58	21,400,702.24
R&D expenses	10	4,287,730.38	628,709.24
Financial expenses	11	286,475.04	3,182,555.35
Of which: Interest expenses		190,974.34	3,179,495.01
Interest income		9,499.02	19,357.36
Plus: Other income	12	621,052.07	70,000.00
Investment income (“–” for loss)	13	955,643.36	(2,109,911.57)
Of which: Income from investment in associates and joint ventures		–	(1,039,916.57)
Derecognition income of financial assets measured at the amortised cost		–	–
Exchange gain (“–” for loss)		–	–
Net exposure hedging income (“–” for loss)		–	–
Gain from changes in fair value (“–” for loss)	14	114,400.52	(3,556,002.80)
Credit impairment loss (“–” for loss)	15	(5,046,446.72)	1,119,467.07
Asset impairment loss (“–” for loss)		–	–
Gain from assets disposal (“–” for loss)	16	–	(30,917.50)
III. Operating profit (“–” for loss)		(34,709,232.92)	(29,152,003.77)
Plus: Non-operating revenue	17	265,636.66	5,821,211.91
Less: Non-operating expenses	18	83,360.44	745,391.31
IV. Total profit (“–” for total loss)		(34,526,956.70)	(24,076,183.17)
Less: Income tax expenses	19	11,946.97	21,760.29

Item	Note	2020	2019
V. Net profit (“–” for net loss)		(34,538,903.67)	(24,097,943.46)
(I) By business continuity		(34,538,903.67)	(24,097,943.46)
1. Net profit from continuing operations (“–” for net loss)		(34,538,903.67)	(24,097,943.46)
2. Net profit from discontinued operations (“–” for net loss)		–	–
(II) By ownership		(34,538,903.67)	(24,097,943.46)
1. Net profit attributable to owners of the parent company (“–” for net loss)		(34,192,415.93)	(24,235,186.54)
2. Minority profit and loss (“–” for net loss)		(346,487.74)	137,243.08
VI. Net of tax of other comprehensive income		–	–
Net of tax of other comprehensive income attributable to owners of the parent company		–	–
(I) Other comprehensive income that cannot be reclassified to profit or loss		–	–
1. Changes arising from re-measurement of the defined benefit plans		–	–
2. Other comprehensive income that cannot be reclassified to 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 that will be reclassified to profit or loss		–	–
1. Other comprehensive income that may be reclassified to profit or loss under the equity method		–	–
2. Changes in fair value of other creditor’s right investments		–	–
3. Amount of financial assets reclassified to other comprehensive income		–	–
4. Provision for credit impairment of 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		–	–
VII. Total comprehensive income		(34,538,903.67)	(24,097,943.46)
Total comprehensive income attributable to shareholders of the parent company		(34,192,415.93)	(24,235,186.54)
Total comprehensive income attributable to minority shareholders		(346,487.74)	137,243.08
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)	<i>21</i>	(0.0185)	(0.0158)
(II) Diluted earnings per share (RMB/share)	<i>21</i>	(0.0185)	(0.0158)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2020

Unit: RMB

Item	2020													Minority shareholders' equity	Total shareholders' equity
	Total shareholders' equity attributable to the parent company											Others			
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits				
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the last year	169,762,900.00	-	-	-	160,569,046.27	-	-	-	16,435,819.34	-	(312,249,722.09)	-	3,075,930.89	37,593,974.41	
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Opening balance of current year	169,762,900.00	-	-	-	160,569,046.27	-	-	-	16,435,819.34	-	(312,249,722.09)	-	3,075,930.89	37,593,974.41	
III. Changes for current year ("-" for decrease)	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	(34,192,415.93)	-	(460,007.02)	7,347,577.05	
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	(34,192,415.93)	-	(346,487.74)	(34,538,903.67)	
(II) Capital invested and reduction by shareholders	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	-	-	-	42,000,000.00	
1. Common shares invested by shareholders	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	-	-	-	42,000,000.00	
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payment recognised as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	(113,519.28)	(113,519.28)	
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(113,519.28)	(113,519.28)	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Elimination of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Use in current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Closing balance of current year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	(346,442,138.02)	-	2,615,923.87	44,941,551.46	

2019															
Total shareholders' equity attributable to the parent company															
Item	Other equity instruments				Capital reserves	Less:		Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Minority shareholders' equity	Total shareholders' equity
	Capital stock	Preferred shares	Perpetual bonds	Others		Treasury shares									
I. Closing balance of last year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	-	16,435,819.34	-	(288,014,535.55)	-	2,938,687.81	26,712,180.91
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	153,105,882.40	-	-	-	142,246,326.91	-	-	-	-	16,435,819.34	-	(288,014,535.55)	-	2,938,687.81	26,712,180.91
III. Changes for current year ("-" for decrease)	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 reduction 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 recognised as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to capital stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Elimination of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of 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

1. Basic Information of the Company

Incorporated and established on 13 October 1999, the Company 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 both registered capital and paid-in capital of RMB189,762,900.

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

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

2. Basis for Preparation of Financial Statements

Basis of preparation

On the going-concern basis, the financial statements of the Group's 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 on GEM issued by Hong Kong Exchange, and accounting policies and accounting estimates.

Going concern

As of the end of 31 December 2020, the current liabilities in the Group's consolidated financial statements were higher than the current assets by RMB35,743,380.34. The Company actively expanded its new antenna business to increase capital flow through shareholder financing. As of the date of the financial report, the Group had a large number of unfulfilled orders, and the newly developed products of the Company had a broad market prospect, which can guarantee sufficient operating cash flow.

In view of the above, the management of the Company believes that the Company is capable to repay its maturing debts and maintain the continuous operation of the Group. The financial statements of the Group are prepared on the basis of going concern assumption.

3. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	2,334,010.60	12,805,610.08
Of which: Investment in equity instruments	<u>2,334,010.60</u>	<u>12,805,610.08</u>
Total	<u><u>2,334,010.60</u></u>	<u><u>12,805,610.08</u></u>

4. Accounts receivable

Accounts receivable presented by bad debt provision method

Type	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision ratio (%)	
Provision for bad debts by single item	8,145,117.70	78.61	8,145,117.70	100.00	0.00
Provision for bad debts by portfolio	2,216,609.80	21.39	51,198.64	2.31	2,165,411.16
Of which: Aging portfolio	2,054,748.80	19.83	51,198.64	2.49	2,003,550.16
Low-risk portfolio	<u>161,861.00</u>	<u>1.56</u>	<u>0.00</u>	<u>0.00</u>	<u>161,861.00</u>
Total	<u><u>10,361,727.50</u></u>	<u><u>100.00</u></u>	<u><u>8,196,316.34</u></u>	<u><u>–</u></u>	<u><u>2,165,411.16</u></u>

(Table continued)

Type	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision ratio (%)	
Provision for bad debts by single item	7,963,317.65	89.27	7,963,317.65	100.00	0.00
Provision for bad debts by portfolio	957,498.05	10.73	46,208.41	4.83	911,289.64
Of which: 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><u>8,920,815.70</u></u>	<u><u>100.00</u></u>	<u><u>8,009,526.06</u></u>	<u><u>–</u></u>	<u><u>911,289.64</u></u>

Accounts receivable presented by aging

The aging analysis of accounts receivable based on the invoice date (which is equal to the relevant revenue recognition date) of the Group is as follows:

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	2,019,201.80	741,162.00
1-2 years	244,000.00	205,336.00
2-3 years	197,408.00	11,000.05
3-4 years	11,000.05	73,200.00
4-5 years	0.00	6,480,000.00
Over 5 years	<u>7,890,117.65</u>	<u>1,410,117.65</u>
Total	<u>10,361,727.50</u>	<u>8,920,815.70</u>

5. Accounts payable

Presentation of accounts payable

Items	Closing balance	Opening balance
Trade balances	<u>11,358,974.27</u>	<u>11,120,846.07</u>

Accounts payable presented by aging

The aging analysis of accounts payable (including accounts payable by related parties) based on the invoice date is as follows:

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	3,264,389.13	9,422,028.51
1-2 years	6,711,502.27	298,991.46
2-3 years	273,603.50	99,135.64
Over 3 years	<u>1,109,479.37</u>	<u>1,300,690.46</u>
Total	<u>11,358,974.27</u>	<u>11,120,846.07</u>

6. Operating income, operating costs

Operating income and operating costs

Items	Amount incurred in current year		Amount incurred in last year	
	Income	Costs	Income	Costs
Main business	11,611,658.99	9,061,383.86	38,750,753.87	37,671,462.11
Other businesses	565,801.99	269,330.25	412,268.01	124,522.40
Total	<u>12,177,460.98</u>	<u>9,330,714.11</u>	<u>39,163,021.88</u>	<u>37,795,984.51</u>

Main business income – by product

Items	Main business income for current year	Main business income for last year
Sales of agricultural products	5,269,793.53	7,384,006.11
Sales of antenna products and provision of related services	2,799,920.35	1,912,839.75
Sales of aircraft products	2,048,493.76	0.00
Sales of underwater monitoring products and related products	1,493,451.35	136,628.32
Sales of construction-related products	0.00	29,317,279.69
Total	<u>11,611,658.99</u>	<u>38,750,753.87</u>

7. Taxes and surcharges

Items	Amount incurred in current year	Amount incurred in last year
Environmental protection tax	61,509.10	50,139.71
Stamp duty	23,459.36	34,234.50
Urban maintenance and construction tax	9,388.45	23,375.76
Education surcharge	6,000.73	2,024.52
Water conservancy fund	1,484.27	985.03
Total	<u>101,841.91</u>	<u>110,759.52</u>

8. Selling expenses

Items	Amount incurred in current year	Amount incurred in last year
Traveling expenses	264,490.21	74,264.89
Business entertainment expenses	181,692.47	35,644.70
Payroll	162,365.81	144,872.98
Promotion and testing charges	115,635.95	12,869.37
Transportation charges	59,641.56	92,519.22
Publicity expenses	30,704.45	34,832.91
Office fees	25,605.40	15,714.60
Equipment depreciation expenses	1,965.66	372.83
Technical service fees	0.00	270,217.04
Others	34,325.60	7,641.45
Total	876,427.11	688,949.99

9. Administrative expenses

Items	Amount incurred in current year	Amount incurred in last year
Payroll	9,536,657.10	9,270,387.97
Amortisation of intangible assets	8,035,289.87	14,820.00
Depreciation of right-of-use assets	1,770,724.55	1,272,823.88
Amortisation of long-term deferred expenses	2,107,623.11	1,650,293.06
Intermediation fee	1,568,459.83	1,818,993.76
Depreciation expenses	931,849.32	1,024,062.81
Office fees	688,501.05	481,818.99
Vehicle expenses	647,411.63	791,523.41
Traveling expenses	583,430.77	1,387,837.53
Business entertainment expenses	478,557.86	958,194.82
Property management fee	472,850.74	199,664.79
Utilities	169,464.17	214,918.65
Expenses of the board of directors	92,000.00	87,000.00
Transportation charges	58,529.12	60,251.57
Communication fee	47,820.23	47,561.60
Disabled security fund	624.02	62,614.36
Auditor's remunerations	857,615.01	1,247,023.62
– Audit service fee	763,555.60	962,905.66
– Other service fee	94,059.41	284,117.96
Others	600,746.20	810,911.42
Total	28,648,154.58	21,400,702.24

10. R&D expenses

Items	Amount incurred in current year	Amount incurred in last year
Payroll	2,408,306.37	318,440.24
Depreciation expenses	194,545.84	137,824.68
Material fee	995,144.05	32,663.96
Traveling expenses	338,337.49	3,931.30
Test fees	220,597.51	0.00
Entertainment expenses	78,971.26	0.00
Development service fee	31,220.00	135,849.06
Office fees	20,607.86	0.00
Total	<u>4,287,730.38</u>	<u>628,709.24</u>

11. Financial expenses

Items	Amount incurred in current year	Amount incurred in last year
Interest expenses	190,974.34	3,179,495.01
Less: Interest income	9,499.02	19,357.36
Plus: Exchange loss	135,184.30	13,063.07
Less: Exchange gain	54,956.42	33,174.74
Other expenditures	24,771.84	42,529.37
Total	<u>286,475.04</u>	<u>3,182,555.35</u>

12. Other income

Source of other gain	Amount incurred in current year	Amount incurred in last year
Job stabilisation subsidy	401,592.87	0.00
High-tech enterprise recognition subsidy	120,000.00	0.00
Technology plan project subsidy	4,500.00	0.00
Income tax handling fee refund	34,720.35	0.00
High-tech project subsidy	60,000.00	50,000.00
House rental tax rebate	238.85	0.00
Subsidy for standardising enterprise intellectual property management	0.00	20,000.00
Total	<u>621,052.07</u>	<u>70,000.00</u>

13. Investment income

Items	Amount incurred in current year	Amount incurred in last year
Long-term equity investment income accounted in equity method	0.00	(1,039,916.57)
Investment gain from disposal of financial assets held for trading	955,643.36	36,657.80
Others	0.00	(1,106,652.80)
Total	<u>955,643.36</u>	<u>(2,109,911.57)</u>

14. Gain from changes in fair value

Source of gain from changes in fair value	Amount incurred in current year	Amount incurred in last year
Financial assets measured at fair value through profit or loss	<u>114,400.52</u>	<u>(3,556,002.80)</u>

15. Credit impairment loss

Items	Amount incurred in current year	Amount incurred in last year
Bad debt loss of accounts receivable	169,127.69	(878,510.17)
Bad debt loss of other receivables	(372,745.13)	123,021.14
Bad debt loss of advanced payments	(253,710.68)	(363,978.04)
Bad debt loss of advanced payments for purchase of land and above-ground attachments	<u>5,503,774.84</u>	<u>0.00</u>
Total	<u>5,046,446.72</u>	<u>(1,119,467.07)</u>

16. Gain from assets disposal (“-” for loss)

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

17. Non-operating revenue

Items	Amount incurred in current year	Amount incurred in last year	Amount charged to non-recurrent profit or loss for the year
Gains from debt restructuring	0.00	29,633.69	0.00
Default compensation incomes	0.00	3,120,000.00	0.00
Payments that cannot be paid	262,021.60	1,002,581.27	262,021.60
Other gains	3,615.06	1,668,996.95	3,615.06
Total	265,636.66	5,821,211.91	265,636.66

18. Non-operating expenses

Items	Amount for the year	Amount for last year	Amount charged to non-recurrent profit or loss for the year
Loss from damage and scrap of non-current assets	47,631.64	0.00	47,631.64
Donation expenses	0.00	119,014.00	0.00
Compensation, liquidated damages and fines expenses	0.00	541.06	0.00
Other expenses	35,728.80	625,836.25	35,728.80
Total	83,360.44	745,391.31	83,360.44

19. Income tax expenses

Items	Amount incurred in current year	Amount incurred in last year
Current income tax calculated according to tax law and relevant regulations	11,946.97	21,760.29
– Mainland China corporate income tax	11,946.97	21,760.29
– China Hong Kong profit tax	0.00	0.00
Deferred income tax expenses	0.00	0.00
Total	11,946.97	21,760.29

Since the Group has no taxable income in Hong Kong during the year (last year: Nil), there is no Hong Kong profit tax.

20. Financial information of the reporting segments in the year

The Group determines operating segments based on internal organisational structure, management requirements, and internal reporting systems, and determines reporting segments based on operating segments.

Segment assets:

Segment	Closing balance	Opening balance
Sales of antenna products and provision of related services	91,620,939.12	95,280,963.93
Sales of underwater monitoring products and related products	1,148,984.33	758,153.40
Sales of aircraft products	6,383,104.33	1,123,257.37
Sales of construction-related products	0.00	2,285,141.10
Sales of agricultural products	6,000,808.63	5,776,284.62
Total segment assets	105,153,836.41	105,223,800.42
Unallocated assets	1,069,658.54	20,098,914.26
Total consolidated assets	106,223,494.95	125,322,714.68

Segment liabilities:

Segment	Closing balance	Opening balance
Sales of antenna products and provision of related services	43,450,019.58	22,308,144.44
Sales of underwater monitoring products and related products	640,326.61	70,389.69
Sales of aircraft products	9,953,034.95	80,000.00
Sales of construction-related products	0.00	17,427,568.29
Sales of agricultural products	<u>505,772.27</u>	<u>918,436.61</u>
Total segment liabilities	54,549,153.41	40,804,539.03
Unallocated liabilities	<u>6,732,790.08</u>	<u>46,924,201.24</u>
Total consolidated liabilities	<u>61,281,943.49</u>	<u>87,728,740.27</u>

Segment incomes and costs:

Sales of goods	Main business income for the year	Main business costs for the year
Sales of antenna products and provision of related services	2,799,920.35	870,998.30
Sales of agricultural products	5,269,793.53	5,702,791.01
Sales of underwater monitoring products and related products	1,493,451.35	1,101,625.62
Sales of aircraft products	<u>2,048,493.76</u>	<u>1,385,968.93</u>
Total	<u>11,611,658.99</u>	<u>9,061,383.86</u>

Segment revenue and performance:

Items	Sales of antenna products and provision of related services	Sales of agricultural products	Sales of aircraft products	Sales of underwater monitoring products and related products	Total
Revenue:					
External sales	2,799,920.35	5,269,793.53	2,048,493.76	1,493,451.35	11,611,658.99
Segment profit (loss)	(19,276,305.86)	(649,491.52)	170,845.96	450,056.86	(19,304,894.56)
Unallocated other income	0.00	0.00	0.00	0.00	(1,056,237.46)
Unallocated corporate expenses for changes in the fair value of financial assets at fair value through profit and loss	0.00	0.00	0.00	0.00	114,400.52
Financial costs	0.00	0.00	0.00	0.00	(286,475.04)
Unallocated incomes	0.00	0.00	0.00	0.00	2,146,660.28
Unallocated expenditures	0.00	0.00	0.00	0.00	(16,140,410.44)
Loss before tax	0.00	0.00	0.00	0.00	(34,526,956.70)

21. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB/share)	
		Basic EPS	Diluted EPS
Net profit attributable to the ordinary shareholders of the parent company	(69.89)	(0.0185)	(0.0185)
Net profit attributable to the ordinary shareholders of the parent company after deduction of non-recurring gains and losses	(73.06)	(0.0193)	(0.0193)

The calculation method of the numerator of basic EPS: Net profit attributable to the shareholders of the parent company -34,192,415.93.

The calculation method of the denominator of basic EPS: Weighted average number of ordinary shares outstanding = Total number of shares at the beginning of the year (1,697,629,000.00) + Number of shares increased by issuance of new shares or conversion of debts into shares (200,000,000.00) * Number of months accumulated from the month following the month of share increase (II) to year end (9)/Number of months in the reporting period (12) = RMB1,847,629,000.00.

The calculation method of the numerator of diluted EPS: Net profit attributable to the shareholders of the parent company -34,192,415.93.

The calculation method of the denominator of diluted EPS: Weighted average number of ordinary shares outstanding 1,847,629,000.00 + Weighted average number of ordinary shares increased by warrants, share options, convertible bonds, etc. (0) = RMB1,847,629,000.00.

22. Dividends

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

23. Other important matters

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

In August 2015, the Company entered into an agreement with Xi'an Xiangyu Aviation Technology Co., Ltd. (hereinafter referred to as "Vendor"), pursuant to which the Vendor has agreed to sell a parcel of land located at the east of Shuoshi Road (碩士路以東) and the west of Chuangye Avenue (創業大道以西), National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC, and three industrial buildings erected on it to the Company at a consideration of RMB40.00 million. The Company paid a transfer price of RMB18,546,000 in accordance with the agreement. Details were disclosed in the announcement dated 24 August 2015 and the circular dated 25 November 2015 of the Company.

However, the Vendor fails to assist the Company to undertake the registration of the transfer of the land use right of the land, the Company initiated a legal proceedings against the Vendor in the People's Court of Chang'an District of Xi'an City* (西安市長安區人民法院) in September 2017. The legal proceedings were dismissed by the People's Court of Chang'an District of Xi'an City on 14 November 2019 on the grounds that the land is still under the seizure order and the land has a boundary issue. Details were disclosed in the announcements dated 11 December 2019 and 15 January 2020 of the Company.

On 18 September 2020, a judge from the Executive Bureau of the Intermediate People's Court of Xi'an City* (西安市中級人民法院) led the staff of an evaluation company to inspect the land and evaluate the enforced auction of the land due to the Vendor's refusal to perform other effective legal judgments. The Company believed that it has harmed the interest of the Company and filed an objection against the enforcement to the judge of the Executive Bureau of the Intermediate People's Court of Xi'an City on 10 October 2020. Subsequently, the Executive Bureau of the Intermediate People's Court of Xi'an City accepted the objection against the enforcement submitted by the Company.

On 3 March 2021, the Executive Bureau of the Intermediate People's Court of Xi'an City presided over the hearing procedures in accordance with the law. As of the date of this report, the objection against the enforcement has not yet been decided.

The Company consulted and considered legal advice on the above matters. The legal adviser of the Company believed that the land and above-ground attachments purchased by the Company cannot be registered under the name of the Company in the short term before the Vendor has resolved other legal matters. The Company expected that, at the time when the land and above-ground attachments to be registered under the name of the Company, it may have to bear more costs in the future. On this basis, the Company adopted an impairment model which was based on the difference between the costs that may be paid at the time when the land and above-ground attachments to be registered under the name of the Company and the value of the relevant assets to determine whether the advanced payments were impaired. It was estimated that an impairment loss of RMB5,503,774.84 was required to recognise in 2020 by the Company for the advanced payments related to the purchase of the land and above-ground attachments.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING INCOME

Operating income recorded for the year ended 31 December 2020 was approximately RMB12.18 million, representing a significant decrease of approximately 69% from approximately RMB39.16 million for the year of 2019.

Although the overall economy was affected by COVID-19 in 2020, the impact to the operation of the Group was not significant as a flexible business plan and an effective cost control arrangement were adopted. The significant decrease in operating income was mainly attributable to zero income from the operating segment of sales of construction related products.

Details of operations of 5 reportable and operating segments of the Group, namely, sales of antenna products and provision of related services, sales of underwater surveillance and related products, sales of aircraft products, sales of agricultural products and sales of construction related products, are as follows:

Sales of antenna products and provision of related services

After the introduction of new artificial dielectric lens antenna products of the Group into the market in 2019, the Group deployed available resources from other operating segments and concentrated on the market development of the new artificial dielectric lens antenna products during the year. Due to the influence of COVID-19, large-scale marketing and promotion activities such as exhibition and trade fair were not organised and participated to avoid any uncertainty and reduce unavoidable costs. In turn, the Group mainly performed live network testing in different provinces across the country to illustrate and promote the unique performance of the new artificial dielectric lens antenna products. In order to strengthen the effectiveness of live network testing, several tests were carried out in various scenarios on many occasions with major telecommunication operators and demonstrated the test results to well-known mobile communication suppliers of system integration and system equipment. Nevertheless, the procurement activities of major communication operators and mobile communication suppliers of system integration and system equipment were delayed by the impact of COVID-19 during the year. Although the operating income of the Group was also affected for the year, no significant impact on the operating income of the Group in long term as the market demand for 5G communication development remained unchanged.

Accordingly, operating income from the operating segment of sales of antenna products and provision of related services for the year increased by approximately 46% from last year, of which over 92% was come from the new artificial dielectric lens antenna products.

Sales of underwater surveillance and related products

After improvement of existing products and development of new products in 2019, sales volume was increased during the year. Since large-scale marketing and promotion activities were not carried out due to influence of COVID-19 and partial available resources were deployed to the operating segment of sales of antenna products and provision of related services, the scale of operation was remained the same as previous year.

Operating income from the operating segment of underwater surveillance and related products for the year was approximately RMB1.49 million, representing approximately 13% of the main business income of the Group.

Sales of aircraft products

After product development and upgrading in 2019, sales activities restarted for the year and the enhancement of communication capacities with 5G technologies is still in progress. In order to promote the products of the Group under the impact of COVID-19, the Group successively completed a number of sales of multi-rotor aircraft through market cooperation.

Operating income from the operating segment of sales of aircraft products for the year was approximately RMB2.05 million, representing approximately 18% of the main business income of the Group.

Sales of agricultural products

For the agricultural products, the Group mainly operated on the sale of live chicken, chicken meat and related non-staple food in Yi County of Hebei Province. Due to price decline and travel restriction by the impact of COVID-19 in the first half of 2020, the sales of agricultural products were declined with gross loss. The operations returned to normal in the second half of 2020 and close observation of the market environment was adopted to avoid further impact of COVID-19.

As a result, approximately RMB5.27 million operating income was generated from the operating segment of sales of agricultural products during the year, representing approximately 71% of that in 2019.

Sales of construction related products

In order to cope with the latest business development plan in the early 2020, the Group did not actively develop the operations and business as the price fluctuation risk was not controllable under prevailing market situation. Therefore, the available resources were used for the operating segment of sales of antenna products and provision of related services during the year.

No operating income from the operating segment of sales of construction related products was recorded during the year and the business development plan would be remained unchanged in the foreseeable future.

Others

Other business operating income was approximately RMB0.57 million for the year which was mainly attributable to rental income generated from office premises occupied by the Group.

GROSS PROFIT

Gross profit of approximately RMB2.85 million was recorded for the year with gross profit margin of approximately 23.38%, representing a significant increase of 19.89% as when comparing to gross profit margin of approximately 3.49% in 2019. The improvement in gross profit margin was mainly attributable to zero operating income from the operating segment of sales of construction related products by which low gross margin policy was adopted.

SEGMENT PERFORMANCE

Segment performance was evaluated after considering gross profit, selling expenses, depreciation and amortisation costs under administrative expenses, research and development expenses, credit and asset impairment loss of each operating segment.

Selling expenses were increased from approximately RMB0.69 million in 2019 to approximately RMB0.88 million for the year, representing an increase of approximately 27%, which was mainly attributable to relevant expenses for live network testing of the new artificial dielectric lens antenna products.

Amortisation costs of approximately RMB8.03 million was recognised for the patents of the new artificial dielectric lens antenna products during the year. The patents were amortised over the estimated useful lives and there was no indication of significant change of their useful lives as the market demand for 5G communication development remained unchanged in long term and the procurement activities of antenna products would be accelerated to make up for the previous delay.

Research and development expenses was approximately RMB4.29 million for the new artificial dielectric lens antenna products during the year, which was mainly for further improvement and advance work on existing antenna products after live network testing and feedback from the market.

During the year, there was no significant impairment loss on receivables. A careful assessment on the creditworthiness of receivables was carried out, particularly focusing the impact of COVID-19 on all receivables, and no significant signs of impairment were found. On the contrary, approximately RMB0.31 million was received from impaired debts during the year.

In respect of assets, there were signs of impairment on advanced payments for purchase of land and above-ground attachments due to the boundary issue and approximately RMB5.50 million was recognised as impairment loss. Details of the boundary issue and basis of assessment are disclosed in the note 23.

Segment profits of approximately RMB0.45 million and approximately RMB0.17 million were reported for the operating segments of sales of underwater surveillance and related products and sales of aircraft products respectively. Segment loss of approximately RMB19.28 million was reported for the operating segment of sales of antenna products and provision of related services as the sales volume was not sufficient to cover the relevant costs, especially amortisation costs of patents, due to delay in procurement activities. Segment loss of approximately RMB0.65 million was reported for the operating segment of sales of agricultural products due to poor market situation in the first half of 2020.

OTHER COSTS, EXPENSES, GAIN AND INCOME

Administrative expenses were increased from approximately RMB21.40 million in 2019 to approximately RMB28.65 million for the year, representing an increase of approximately 34%, in which approximately RMB8.04 million was accounted for amortisation costs of patents. Under the influence of COVID-19, an effective cost control arrangement was placed to minimise the overall administrative expenses.

Total staff costs of the Group were increased from approximately RMB9.33 million in 2019 to approximately RMB13.11 million for the year as additional marketing and technical staff was required for the market development of the new artificial dielectric lens antenna products for the year and foreseeable future.

Financial expenses for the year were approximately RMB0.29 million, representing approximately 9% of that in 2019. In order to minimise financial expenses, no new bank borrowings were raised by the Group and short-term interest-bearing borrowings of approximately RMB1.78 million were maintained during the year for operation.

Approximately RMB1.06 million was received from government as grants and subsidies under the impact of COVID-19 during the year, of which approximately RMB0.62 million was included in other gain.

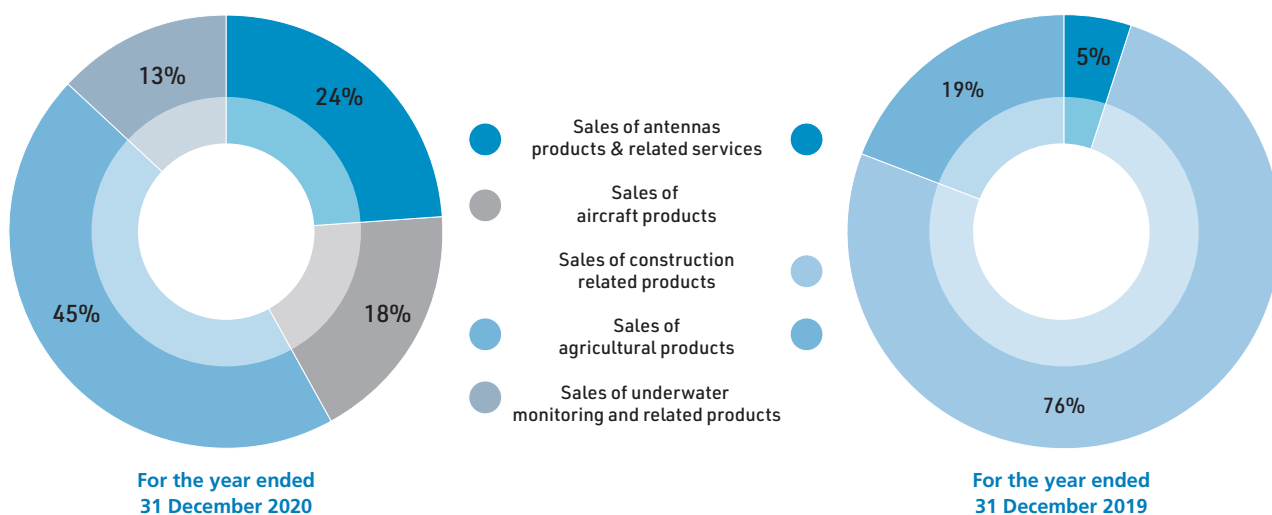
Approximately RMB0.96 million and approximately RMB0.11 million were recorded as investment gain for the sales of financial assets measured at fair value through profit or loss and as gain from change in fair value for the financial assets measured at fair value through profit or loss held at 31 December 2020 respectively. Details of financial assets measured at fair value through profit or loss are disclosed in the paragraph of “Significant Investment Held”.

NET LOSS

Although the gross profit margin was significant increased and the total operating costs was decreased from approximately RMB63.81 million in 2019 to approximately RMB43.53 million for the year, the total operating income was not sufficient to cover the total operating costs and impairment loss. Net loss of approximately RMB34.54 million was reported for the year, which was approximately 43% more than net loss of approximately RMB24.10 million in 2019.

Net loss attributable to the shareholders of the parent company was approximately RMB34.19 million after accounting for minority profit and loss in respect of sales of agricultural products.

Composite of Group’s main business income by reportable and operating segments for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, are provided as follows:



PROSPECTS

In 2021, based on the core competitiveness of the new artificial dielectric lens series of antenna products, the Group will continue to carry out our marketing works of the new artificial dielectric lens antenna and relevant products centring mobile communication industry according to the needs of market development and actively explore the application and cooperation of lens materials in other sectors.

The dielectric lens antenna of the Company is based on the theory of lumber ball lens to synthesise new lens materials with artificial dielectric. From formula to manufacturing process, the materials of which are pioneered both domestically and abroad and the lens antenna is widely favoured by the market due to its high product efficiency, wide coverage and significant reduction of the operator's operation and maintenance costs. Our next step is that the Company will continue to strengthen the scientific research results of new artificial dielectric lens antenna to complement market demand, so as to further improve the performance of antenna products and comprehensively enrich the series of related mobile communication products, with a view to establish key core competitiveness in the mobile communications sector. While the Company continues to enrich and improve mobile communication antenna products, we will also rely on artificial dielectric lens materials to actively explore those sectors such as WIFI, automotive electronics, remote sensing, satellite communications and special communications, and seek cooperation with related companies to develop relevant lens products that can be applied to other industries and sectors, so as to enhance the Company's results in an all-round approach.

In 2020, we made certain progress in the new artificial dielectric lens antenna market expansion. In 2021, the Group will continue to summarise our market promotion experience, seriously analyse market trends, and develop more comprehensive and more appropriate product promotion and marketing plans according to market conditions. We will increase the support of market talents, capital and technology, enhance market layout, and be more active in participating in all project bidding activities carried out by mobile communication operators, so as to facilitate the extensive communication and co-operation with operators and related mobile communication equipment manufacturers, and expand the Group's income in the mobile communication business. It is believed that based on the self-developed high-efficiency lens antenna products, the Group will surely make tremendous progress in the new generation of communication antenna market.

In addition, the Company will continue the synergistic development of other businesses including aviation and aerospace, marine technology, agricultural products, etc. and continue to enhance its investment in the research and development of aviation and aerospace and underwater testing equipment, as well as the communication and co-operation with domestic and overseas renowned technology research and development corporations, so as to build a structure with diversified development for the Group focusing on communication.

With regard to the capital required for the post-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 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 2020, the Group had the short-term borrowings of approximately RMB1.78 million which were repayable within one year, and the lease liabilities of approximately RMB10.28 million which were classified in accordance with the lease terms.

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

As at 31 December 2020, the gearing ratio of the Group was approximately 28.50% (2019: 11.44%), which is calculated based on the sum of total interest-bearing borrowings and lease liabilities over the total shareholders' equity attributable to the parent company.

Cash and cash equivalents decreased approximately from RMB5.68 million to RMB2.07 million. As at 31 December 2020, 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. The Directors consider that exposure to foreign exchange risk was minimal.

SIGNIFICANT INVESTMENT HELD

Except for interests in subsidiaries and financial assets measured at fair value through profit or loss, the Group did not hold any significant investment for the year ended 31 December 2020.

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

As at 1 January 2020, an aggregate of 5,080,004 ordinary shares of nominal value of RMB1 each in the issued share capital (“Cloud Live Shares”) 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 5,080,004 Cloud Live Shares was approximately RMB12.81 million, representing approximately 10.22% of total assets of the Group.

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. Mr. Chen Ji, an executive Director, is the directors of Cloud Live, and Mr. Chen Ji and his associates directly and indirectly held approximately 22.68% of the total issued share capital of Cloud Live without controlling interest.

In order to cope with the Company’s strategy in the capital market development and revitalisation of existing assets and considering the financial performance of Cloud Live, an aggregate of 4,200,000 Cloud Live Shares was sold at approximately RMB11.55 million during the year. After accounting for the original acquisition costs and unrealised loss of fair value changes of approximately RMB16.55 million and RMB5.96 million respectively, an investment gain of approximately RMB0.96 million was reported. The sales proceeds were used for operation purposes in order to minimise financial expenses from interest-bearing borrowings for the year.

As at 31 December 2020, an aggregate of 880,004 Cloud Live Shares were held by the Group, representing approximately 0.10% of the total issued share capital of Cloud Live, and the fair value of 880,004 Cloud Live Shares was approximately RMB2.33 million, representing approximately 2.20% of total assets of the Group. Accordingly, the fair value of financial assets measured at fair value through profit or loss as at 31 December 2020 was approximately 33% lower than the original acquisition costs.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, the Company obtained 100% equity interest of a company which possess relevant qualifications for communication engineering contracting for RMB0.25 million.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 92 (2019: 73) full-time employees. Total staff costs for the year of 2020 amounted to approximately RMB13.11 million (2019: RMB9.93 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.

CHARGES ON GROUP ASSETS

As at 31 December 2020, no assets of the Group were pledged for its operations and liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2020, 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 2020, except for those disclosed in note 23, the Group did not have any material contingent liabilities.

UTILISATION OF NET PROCEEDS FROM EQUITY FUND RAISING ACTIVITIES

During the year ended 31 December 2020, utilisation of net proceeds from equity fund raising activities is as follows:

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			Approximate amount of net proceeds unutilised (million)
			Previously utilised (million)	Utilised during the year (million)	Total utilised (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	RMB0.00	RMB39.10	RMB0.00
The research and development, trial production, production, marketing and general working expenses of heavy-lift unmanned gyroplane and mini commanding and monitoring unmanned gyroplane	RMB10.00	RMB1.40	RMB1.39	RMB0.01	RMB1.40	RMB0.00
The research and development, trial production, production, marketing and general working expenses of underwater surveillance equipment	RMB1.00	RMB0.50	RMB0.50	RMB0.00	RMB0.50	RMB0.00
Total	RMB41.00	RMB41.00	RMB40.99	RMB0.01	RMB41.00	RMB0.00

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 2020.

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 Mr. Xu Xiong, 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 2020, 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 audited financial results of the Group for the year ended 31 December 2020.

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 2020.

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 2020 and as at the date of this report.

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 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). Pursuant to the specific mandate, 65,000,000 Domestic Shares were allotted and issued to each of Mr. Xiao Bing, an executive Director, and Shanghai Gaoxiang Investment Management Co., Ltd.* (上海高湘投資管理有限公司) which is beneficially owned by Mr. Chen Ji, an executive Director, and his spouse Ms. Sun Xiangjun (孫湘君女士) in equal share. 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.

RESULTS ANNOUNCEMENT 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 2020 as set out in this 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 annual results announcement.

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

Xi'an, the PRC, 19 March 2021

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), Mr. Yan Weimin (燕衛民先生) and Mr. Xu Xiong (徐雄先生) 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