



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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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.

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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.*

* For identification purpose only

HIGHLIGHTS

- During the three months ended 31 March 2021, the Group recorded an unaudited net loss of approximately RMB2.79 million, comparing to the unaudited net loss of approximately RMB4.76 million for the corresponding period in the year of 2020.
- The unaudited total operating income for the three months ended 31 March 2021 was approximately RMB7.84 million, representing approximately 441% of the unaudited total operating income for the corresponding period in the year of 2020.
- The Board does not recommend the payment of a dividend for the three months ended 31 March 2021 (2020: nil).

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

The board of Directors (the “**Board**”) hereby submits the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2021, together with the unaudited comparative figures for the corresponding period in the year of 2020 as follows:

CONSOLIDATED BALANCE SHEET

Item	Note	Unit: RMB	
		31 March 2021	31 December 2020
Current assets:			
Cash at bank and on hand		3,580,646.08	2,065,197.50
Financial assets held for trading		2,430,811.04	2,334,010.60
Accounts receivable		7,629,438.63	2,165,411.16
Advanced payments		1,961,387.17	706,310.57
Other receivables		1,687,471.06	2,074,844.67
Of which: Interest receivable		-	-
Dividends receivable		-	-
Inventories		12,927,062.51	7,843,229.28
Other current assets		1,186,262.62	1,048,655.53
Total current assets		31,403,079.11	18,237,659.31
Non-current assets:			
Fixed assets		5,865,011.97	6,152,972.24
Projects under construction		128,205.13	128,205.13
Right-of-use assets		8,858,029.17	9,542,773.41
Intangible assets		57,134,446.96	58,939,423.05
Long-term deferred expenses		69,072.53	180,236.65
Other non-current assets		13,043,696.65	13,042,225.16
Total non-current assets		85,098,462.41	87,985,835.64
Total assets		116,501,541.52	106,223,494.95

Item	<i>Note</i>	31 March 2021	31 December 2020
Current liabilities:			
Accounts payable		14,118,261.00	11,358,974.27
Advanced receipts		-	-
Payroll payable		3,733,411.15	3,831,316.18
Taxes payable		2,164,711.58	1,905,375.50
Other payables		19,453,501.80	20,404,258.11
Of which: Interest payable		-	-
Dividends payable		-	-
Non-current liabilities due within one year		2,187,673.89	2,981,115.59
Other current liabilities		25,500,000.00	13,500,000.00
Total current liabilities		<u>67,157,559.42</u>	<u>53,981,039.65</u>
Non-current liabilities:			
Lease liabilities		7,192,244.11	7,300,903.84
Total non-current liabilities		<u>7,192,244.11</u>	<u>7,300,903.84</u>
Total liabilities		<u>74,349,803.53</u>	<u>61,281,943.49</u>
Shareholders' equity:			
Capital stock	3	189,762,900.00	189,762,900.00
Capital reserves	4	182,569,046.27	182,569,046.27
Surplus reserves	5	16,435,819.34	16,435,819.34
Undistributed profits	6	(349,209,245.26)	(346,442,138.02)
Total shareholders' equity attributable to the parent company		39,558,520.35	42,325,627.59
Minority shareholders' equity		2,593,217.64	2,615,923.87
Total shareholders' equity		<u>42,151,737.99</u>	<u>44,941,551.46</u>
Total liabilities and shareholders' equity		<u><u>116,501,541.52</u></u>	<u><u>106,223,494.95</u></u>

CONSOLIDATED INCOME STATEMENT

Unit: RMB

Item	Note	1 January to 31 March 2021	1 January to 31 March 2020
I. Total operating income		7,841,018.43	1,776,680.01
Of which: Operating income	7	7,841,018.43	1,776,680.01
II. Total operating costs		11,045,044.03	9,086,433.98
Of which: Operating costs	7	3,604,278.25	1,690,724.92
Taxes and surcharges	8	29,825.91	33,350.20
Selling expenses	9	625,123.18	85,691.98
Administrative expenses	10	3,754,510.21	4,958,947.16
R&D expenses	11	2,909,547.85	2,270,234.84
Financial expenses	12	121,758.63	47,484.88
Of which: Interest expenses		153,524.84	39,806.08
Interest income		2,274.09	4,166.21
Plus: Other gain	13	315,275.27	–
Investment gain (“–” for loss)	14	–	663.56
Of which: Gain from investment in associates and joint ventures		–	–
Gain from changes in fair value (“–” for loss)	15	96,800.44	2,540,002.00
Credit impairment loss (“–” for loss)	16	–	–
Assets impairment loss (“–” for loss)	17	–	–
Gain from assets disposal (“–” for loss)	18	(55,452.27)	–
III. Operating profit (“–” for loss)		(2,847,402.16)	(4,769,088.41)
Plus: Non-operating income	19	62,588.69	8,256.48
Less: Non-operating expenditure	20	5,000.00	–
IV. Total profit (“–” for total loss)		(2,789,813.47)	(4,760,831.93)
Less: Income tax expenses	21	–	–
V. Net profit (“–” for net loss)		(2,789,813.47)	(4,760,831.93)
(I) By business continuity		(2,789,813.47)	(4,760,831.93)
1. Net profit from continuing operations (“–” for net loss)		(2,789,813.47)	(4,760,831.93)
2. Net profit from discontinued operations (“–” for net loss)		–	–
(II) By ownership		(2,789,813.47)	(4,760,831.93)
1. Net profit attributable to owners of the parent company (“–” for net loss)		(2,767,107.24)	(4,554,627.42)
2. Minority profit and loss (“–” for net loss)		(22,706.23)	(206,204.51)

Item	<i>Note</i>	1 January to 31 March 2021	1 January to 31 March 2020
VI. Net of tax of other comprehensive income		–	–
Net of tax of other comprehensive income attributable to owners of the parent company		–	–
Net of tax of other comprehensive income attributable to minority shareholders		–	–
VII. Total comprehensive income		(2,789,813.47)	(4,760,831.93)
Total comprehensive income attributable to shareholders of the parent company		(2,767,107.24)	(4,554,627.42)
Total comprehensive income attributable to minority shareholders		(22,706.23)	(206,204.51)
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)	23	(0.00146)	(0.00268)
(II) Diluted earnings per share (RMB/share)	23	(0.00146)	(0.00268)

CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB

Item	Note	1 January to 31 March 2021	1 January to 31 March 2020
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		3,141,610.29	942,681.00
Refund of taxes and surcharges		–	115.06
Other cash received relating to operating activities		<u>819,575.43</u>	<u>3,094,752.26</u>
Subtotal of cash inflows from operating activities		<u>3,961,185.72</u>	<u>4,037,548.32</u>
Cash paid for purchase of goods and receipt of services		6,031,166.56	487,619.94
Cash paid to and for employees		3,608,734.49	2,317,291.44
Taxes and surcharges paid		92,962.31	53,000.74
Other cash paid relating to operating activities		<u>3,395,972.20</u>	<u>4,589,962.56</u>
Subtotal of cash outflows for operating activities		<u>13,128,835.56</u>	<u>7,447,874.68</u>
Net cash flows from operating activities		<u><u>(9,167,649.84)</u></u>	<u><u>(3,410,326.36)</u></u>
II. Cash flows from investing activities:			
Cash received from recouping investment		–	1,172.09
Cash received from investment gain		–	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	–
Other cash received relating to investing activities		<u>–</u>	<u>–</u>
Subtotal of cash inflows from investing activities		<u>–</u>	<u>1,172.09</u>

Item	<i>Note</i>	1 January to 31 March 2021	1 January to 31 March 2020
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		120,837.00	192,235.00
Cash paid to acquire investments		–	3,000.00
Net cash paid for acquisition of subsidiaries and other business entities		–	–
Other cash paid relating to investing activities		–	–
Subtotal of cash outflows for investing activities		120,837.00	195,235.00
Net cash flows from investing activities		(120,837.00)	(194,062.91)
III. Cash flows from financing activities:			
Cash received from absorbing investment		12,000,000.00	–
Of which: Cash received from minority shareholders' investment in subsidiaries		–	–
Cash received from borrowings		–	885,121.80
Other cash received relating to financing activities		2,200,000.00	–
Subtotal of cash inflows from financing activities		14,200,000.00	885,121.80
Cash paid for repayment of debts		–	–
Cash paid for distribution of dividends, profits or repayment of interests		–	–
Of which: Dividends and profits paid to minority shareholders by subsidiaries		–	–
Other cash paid relating to financing activities		3,430,739.30	–
Subtotal of cash outflows for financing activities		3,430,739.30	–
Net cash flows from financing activities		10,769,260.70	885,121.80
IV. Effect of foreign exchange rate changes on cash and cash equivalents		34,674.72	1,490.00
V. Net increase in cash and cash equivalents		1,515,448.58	(2,717,777.47)
Plus: Beginning balance of cash and cash equivalents		2,065,197.50	5,675,029.60
VI. Ending balance of cash and cash equivalents		3,580,646.08	2,957,252.13

1. BASIC INFORMATION OF THE COMPANY

Incorporated and established on 13 October 1999, the Company is a joint stock limited company with limited liabilities (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, High-tech Industrial Development Zone, Xi'an, 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 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, SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

On the going-concern basis, the financial statements of the Group 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 the GEM Listing Rules, and accounting policies and accounting estimates adopted in the consolidated financial statements of the Group for the year ended 31 December 2020.

The Group has adopted the accounting policies and accounting estimates specific to the characteristics of its actual production and operation, including the business cycle, recognition and measurement of the bad debts provision for receivables, measurement of inventory dispatched, classification and depreciation of fixed assets, amortisation of intangible assets, recognition and measurement of revenue and others.

RMB is the recording currency for the Group.

3. Capital stock

Items	Opening balance		Issuance of new share	Closing balance	
	Capital stock	Ratio (%)		Capital stock	Ratio (%)
Xi'an Tian An Corporate Management and Consulting Co., Ltd.	32,836,363.70	17.30	–	32,836,363.70	17.30
Shanghai Gaoxiang Investment Management Co., Ltd.	25,484,480.40	13.43	–	25,484,480.40	13.43
Xi'an Xiao's Antenna Technologies Co., Ltd.	15,746,869.80	8.30	–	15,746,869.80	8.30
Xi'an International Medical Investment Co., Ltd.	10,000,000.00	5.27	–	10,000,000.00	5.27
Shenzhen Huitai Investment Development Co., Ltd.	7,506,470.60	3.96	–	7,506,470.60	3.96
Xi'an Haorun Investment Co., Ltd.	7,000,000.00	3.69	–	7,000,000.00	3.69
Xiao Bing	6,500,000.00	3.43	–	6,500,000.00	3.43
Beijing Holdings Investment Management Co., Ltd.	5,407,794.10	2.85	–	5,407,794.10	2.85
Jin Rongfei	5,000,000.00	2.64	–	5,000,000.00	2.64
Zhang Jiandong	2,000,000.00	1.05	–	2,000,000.00	1.05
Shaanxi Yinji Investment Ltd.	2,000,000.00	1.05	–	2,000,000.00	1.05
Shanghai Ruikou Trade Co., Ltd.	1,850,000.00	0.97	–	1,850,000.00	0.97
Shanghai Hongzhen Ningshang Investment Management Partnership (Limited Partnership)	1,850,000.00	0.97	–	1,850,000.00	0.97
Jiao Chengyi	1,094,303.00	0.58	–	1,094,303.00	0.58
Liao Kang	910,147.80	0.48	–	910,147.80	0.48
Sub-total of domestic shares	125,186,429.40	65.97	–	125,186,429.40	65.97
Xiao Bing	1,000,000.00	0.53	–	1,000,000.00	0.53
Chen Ji	977,100.00	0.51	–	977,100.00	0.51
Public	62,599,370.60	32.99	–	62,599,370.60	32.99
Sub-total of H shares	64,576,470.60	34.03	–	64,576,470.60	34.03
Total	189,762,900.00	100.00	–	189,762,900.00	100.00

4. Capital reserves

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Equity premium	155,712,767.48	–	–	155,712,767.48
Other capital reserves	<u>26,856,278.79</u>	<u>–</u>	<u>–</u>	<u>26,856,278.79</u>
Total	<u>182,569,046.27</u>	<u>–</u>	<u>–</u>	<u>182,569,046.27</u>

5. Surplus reserves

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserves	<u>16,435,819.34</u>	<u>–</u>	<u>–</u>	<u>16,435,819.34</u>

6. Undistributed profits

Items	1 January to 31 March 2021	1 January to 31 March 2020
Ending balance of previous year	(346,442,138.02)	(312,249,722.09)
Plus: Adjustment of undistributed profits at the beginning of the year	<u>–</u>	<u>–</u>
Beginning balance of the period	(346,442,138.02)	(312,249,722.09)
Plus: Net profit attributable to owners of the parent company for the period	(2,767,107.24)	(4,554,627.42)
Less: Appropriation of statutory surplus reserves	<u>–</u>	<u>–</u>
Ending balance of the period	<u>(349,209,245.26)</u>	<u>(316,804,349.51)</u>

7. Operating income, operating costs

Items	1 January to 31 March 2021		1 January to 31 March 2020	
	Income	Costs	Income	Costs
Main business	7,711,875.58	3,604,278.25	1,647,537.16	1,690,724.92
Other businesses	129,142.85	–	129,142.85	–
Total	<u>7,841,018.43</u>	<u>3,604,278.25</u>	<u>1,776,680.01</u>	<u>1,690,724.92</u>

8. Taxes and surcharges

Items	1 January to 31 March 2021	1 January to 31 March 2020
Urban maintenance and construction tax	3,109.89	224.81
Education surcharge	1,126.87	224.80
Stamp duty	4,860.95	11,128.90
Water conservancy fund	323.29	–
Environmental protection tax	20,404.91	21,771.69
Total	<u>29,825.91</u>	<u>33,350.20</u>

9. Selling expenses

Items	1 January to 31 March 2021	1 January to 31 March 2020
Equipment depreciation expenses	491.41	491.41
Payroll	167,660.64	59,612.04
Office fees	11,107.30	100.00
Travelling expenses	84,535.61	13,994.78
Transportation charges	2,879.46	–
Business entertainment expenses	105,458.70	5,823.00
Delivery charges	241,570.08	5,670.75
Publicity expenses	1,300.00	–
Intermediation fee	10,119.98	–
Promotion and testing charges	–	–
Others	–	–
Total	<u>625,123.18</u>	<u>85,691.98</u>

10. Administrative expenses

Items	1 January to 31 March 2021	1 January to 31 March 2020
Depreciation expenses	163,532.71	253,386.77
Depreciation of right-of-use assets	217,343.88	737,317.67
Amortisation of intangible assets	19,788.20	5,678.46
Amortisation of long-term deferred expenses	38,427.21	510,706.13
Payroll	1,966,421.75	1,836,713.33
Office fees	169,737.54	474,131.40
Communication fee	10,558.75	(11.20)
Travelling expenses	213,997.49	165,624.58
Transportation charges	15,368.80	15,903.44
Business entertainment expenses	113,408.41	63,971.68
Vehicle expenses	142,980.94	91,937.29
Intermediation fee	571,987.81	251,000.10
Auditor's remunerations	(17,830.19)	127,800.88
—Audit service fee	(17,830.19)	127,800.88
—Other service fee	—	—
Expenses of the board of directors	27,600.00	25,650.00
Utilities	75,465.35	63,592.53
Leasing fee	—	98,867.94
Property management fee	17,675.40	57,511.36
Disabled security fund	142.86	195.44
Others	7,903.30	178,969.36
Total	<u>3,754,510.21</u>	<u>4,958,947.16</u>

11. R&D expenses

Items	1 January to 31 March 2021	1 January to 31 March 2020
Depreciation expenses	49,054.70	45,068.11
Amortisation of intangible assets	1,785,187.89	1,785,187.89
Payroll	780,891.86	395,004.36
Office fees	4,517.87	—
Travelling expenses	113,326.01	30,231.27
Entertainment expenses	6,936.00	—
Material fee	68,394.20	14,743.21
Testing charges	78,033.32	—
Development service fee	23,000.00	—
Others	206.00	—
Total	<u>2,909,547.85</u>	<u>2,270,234.84</u>

12. Financial expenses

Items	1 January to 31 March 2021	1 January to 31 March 2020
Interest expenses	153,524.84	39,806.08
Less: Interest income	2,274.09	4,166.21
Less: Exchange gain	42,622.37	1,087.77
Plus: Exchange loss	1,838.85	4,911.78
Other expenditure	11,291.40	8,021.00
Total	<u>121,758.63</u>	<u>47,484.88</u>

13. Other gain

Source of other gain	1 January to 31 March 2021	1 January to 31 March 2020
Government subsidy	312,726.92	–
Income tax handling fee refund	2,548.35	–
Others	–	–
Total	<u>315,275.27</u>	<u>–</u>

14. Investment gain

Items	1 January to 31 March 2021	1 January to 31 March 2020
Long-term equity investment gain accounted in equity method	–	–
Investment gain from disposal of financial assets held for trading	–	663.56
Others	–	–
Total	<u>–</u>	<u>663.56</u>

15. Gain from changes in fair value

Source of gain from changes in fair value	1 January to 31 March 2021	1 January to 31 March 2020
Financial assets measured at fair value through profit or loss	<u>96,800.44</u>	<u>2,540,002.00</u>
Total	<u>96,800.44</u>	<u>2,540,002.00</u>

16. Credit impairment loss

Items	1 January to 31 March 2021	1 January to 31 March 2020
Bad debt loss of accounts receivable	–	–
Bad debt loss of other receivables	–	–
Bad debt loss of advanced payments	<u>–</u>	<u>–</u>
Total	<u>–</u>	<u>–</u>

17. Assets impairment loss

Items	1 January to 31 March 2021	1 January to 31 March 2020
Impairment loss of projects under construction	–	–
Impairment loss of intangible assets	<u>–</u>	<u>–</u>
Total	<u>–</u>	<u>–</u>

18. Gain from assets disposal (“–” for loss)

Items	1 January to 31 March 2021	1 January to 31 March 2020
Gain from disposal of non-current assets	(55,452.27)	–
Of which: Gain from disposal of fixed assets	<u>(55,452.27)</u>	<u>–</u>
Total	<u>(55,452.27)</u>	<u>–</u>

19. Non-operating income

Items	1 January to 31 March 2021	1 January to 31 March 2020
Gains from debt restructuring	62,308.69	—
Payables that cannot be paid	—	—
Other gains	280.00	8,256.48
Total	<u>62,588.69</u>	<u>8,256.48</u>

20. Non-operating expenditure

Items	1 January to 31 March 2021	1 January to 31 March 2020
Loss from damage and scrap of non-current assets	—	—
Donation expenses	—	—
Compensation, liquidated damages and fines expenditure	—	—
Other expenditure	5,000.00	—
Total	<u>5,000.00</u>	<u>—</u>

21. Income tax expenses

Items	1 January to 31 March 2021	1 January to 31 March 2020
Current income tax calculated according to tax law and relevant regulations	—	—
—Mainland China corporate income tax	—	—
—China Hong Kong profits tax	—	—
Deferred income tax expenses	—	—
Total	<u>—</u>	<u>—</u>

22. SEGMENT INFORMATION

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

	1 January to 31 March 2021	1 January to 31 March 2020
Main business income:		
Sales of antenna products and provision of related services	6,032,137.89	663,716.81
Sales of underwater monitoring products and related products	–	–
Sales of aircraft products	–	–
Sales of agricultural products	<u>1,679,737.69</u>	<u>983,820.35</u>
	<u><u>7,711,875.58</u></u>	<u><u>1,647,537.16</u></u>
Segment profit (loss):		
Sales of antenna products and provision of related services	472,103.09	(2,866,854.28)
Sales of underwater monitoring products and related products	(85,776.83)	(307.44)
Sales of aircraft products	(163,493.63)	(36,727.09)
Sales of agricultural products	(3,887.11)	(416,100.72)
Unallocated portion	<u>(11,420.64)</u>	<u>(177,846.56)</u>
	207,524.88	(3,497,836.09)
Unallocated income and gain	474,664.40	2,678,064.89
Unallocated costs, expenses, loss and expenditure	<u>(3,472,002.75)</u>	<u>(3,941,060.73)</u>
	207,524.88	(3,497,836.09)
Total profit ("-" for total loss)	<u><u>(2,789,813.47)</u></u>	<u><u>(4,760,831.93)</u></u>

23. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited net profit attributable to owners of the parent company of (2,767,107.24) (2020: (RMB4,554,627.42)) and the weighted average number of 1,897,629,000 (2020: 1,697,629,000) shares in issue during the period. The weighted average number of ordinary shares is the number of shares in issue at the beginning of the period, adjusted by the number of shares issued during the period multiplied by a time-weighting factor.

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

24. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2021 (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL OPERATING INCOME

The unaudited total operating income for the three months ended 31 March 2021 was approximately RMB7.84 million, representing approximately 441% of the unaudited total operating income for the corresponding period in the year of 2020.

The Company has been mainly engaged in the research and development of mobile communication technologies since its establishment. The Company, together with a number of subsidiaries, provided mobile communication network operators, mobile communication equipment suppliers and system integration suppliers with the most advanced mobile communication base station antenna products, network optimisation services, and maintenance and inspection services.

In response to the market demand for 5G technologies of mobile communication, the Group developed a series of artificial dielectric lens antenna products (the “Dielectric Lens Antennas”) for 7 years. By the end of 2020, the Dielectric Lens Antennas obtained 6 invention patents and 17 utility patents. The Dielectric Lens Antennas, with the characteristics of low energy consumption, high gain, large capacity, and small size, not only can be applied to 5G technologies, but can also reduce investment costs for construction and maintenance costs for operation, effectively solving critical issues of large capital requirement in the construction and development for 5G technologies and excessive energy consumption for operation.

Since the introduction of the Dielectric Lens Antennas to the market in 2019, they have been recognised and praised by customers, through a series of network field tests in different provinces across the country to demonstrate their unique performance, in the past two years of promotion work. As of the first quarter of 2021, the Dielectric Lens Antennas obtained cumulative sales orders of approximately RMB13.63 million, of which approximately RMB2.77 million and approximately RMB6.03 million were recognised as operating income in 2020 and the first quarter of 2021 respectively. The operating income from the operating segment of sales of antenna products and the provision of related services accounted for approximately 78% of the main business income in the first quarter of 2021, representing an increase of approximately 809% compared with the corresponding period in the year of 2020.

Mobile communication technologies have been applied by the Group to other fields including underwater surveillance products and unmanned aerial vehicles for large loading and transportation since 2015. The operating segments of sales of underwater surveillance and related products, and sales of aircraft products began to record operating income in 2015 and 2017 respectively. With the commercialisation of 5G technologies of mobile communication in 2019, the requirements of markets and customers for the communication technologies of products began to change and were continuously updated in response to the widespread use of 5G technologies. The Group considered that mobile communication is a key industry for the country to develop in the next few years, so some of the available resources were allocated to the operating segment of sales of antenna products and provision of related services to meet the gradually increasing production scale of the Dielectric Lens Antennas.

The operating segment of sales of underwater surveillance and related products still maintained technology research and development and after-sales technical support, and provided customised products and services to existing customers such as research institutes and universities. In addition to maintaining the operation of technology research and development and improvement, the operating segment of sales of aircraft products also monitored market development of unmanned aerial vehicles for large loading and transportation, and maintained communication with the industry to ensure that subsequent new products can meet market needs. No operating income was recorded for both operating segments in the first quarter of 2021.

Relying on certain preferential policies in Shanghai Free Trade Zone, the Group established the operating segment of sales of construction related products in 2016 which was mainly engaged in the trading of construction materials. As different customers had specific requirements for building materials which were very sensitive to exchange rate fluctuation, all sales and purchases were conducted in back-to-back trading in order to minimise inventory risk and price fluctuation risk. After consideration of the prolonged unstable factors of exchange rate fluctuations and requirements of large amount of working capital, the Group did not actively develop the relevant operations since last year. Accordingly, no operating income was recorded in the first quarter of 2021.

The Group carried out the production and sales of agricultural products, mainly live chicken, chicken meat and related non-staple foods, and established the operating segment of sales of agricultural products since 2016 in order to actively respond to the national policy on poverty alleviation and fulfil its social responsibilities. In addition to establishing a social image for the Group, the sales of agricultural products gradually became stable income to the Group. Approximately RMB1.68 million operating income was generated from the operating segment of sales of agricultural products, representing approximately 22% of the main business income in the first quarter of 2021 and an increase of approximately 71% compared with the corresponding period in the year of 2020.

GROSS PROFIT

During the three months ended 31 March 2021, an unaudited gross profit of approximately RMB4.24 million was recorded which represented gross profit margin of approximately 54.03%, comparing to the unaudited gross profit margin of approximately 4.84% in the corresponding period of 2020. The improvement in gross profit margin was mainly attributable to significant increase in the operating income from the operating segment of sales of antenna products and provision of related services in the first quarter of 2021.

SEGMENT PERFORMANCE

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

Selling expenses were increased from approximately RMB0.09 million for the corresponding period in the year of 2020 to approximately RMB0.63 million for the three months ended 31 March 2021 due to increase in payroll and delivery charges for the sales of antenna products.

Research and development expenses were increased slightly from approximately RMB2.27 million for the corresponding period in the year of 2020 to approximately RMB2.91 million for the three months ended 31 March 2021 which were solely used for antenna products.

No impairment loss was recognised for receivables and assets for the three months ended 31 March 2021.

After the deployment and integration of the existing resources of the Group in order to meet the needs of the sales orders and production process of the Dielectric Lens Antennas, the operating segment of sales of antenna products and the provision of related services recorded a segment profit of approximately RMB0.47 million. The production capacity has gradually operated at the normal level and the production scale has been able to make up for the operating costs and relevant expenses.

In order to complete the sales of agricultural products before the long Chinese New Year holiday, the gross profit was affected due to the low market prices at that time and segment loss was recorded even though the operating income from the segment of sales of agricultural products increased significantly.

Since no operating income was generated from the operating segments of sales of underwater surveillance and related products, and sales of aircraft products, segment losses were recorded.

OTHER EXPENSES, EXPENDITURE, GAIN AND INCOME

Administrative expenses were decreased from approximately RMB4.96 million for the corresponding period in the year of 2020 to approximately RMB3.75 million for the three months ended 31 March 2021 due to decrease in relevant expenses in respect of rented office as a result of deployment of resources within the Group.

Financial expenses were increased from approximately RMB0.05 million for the corresponding period in the year of 2020 to approximately RMB0.12 million for the three months ended 31 March 2021 of which approximately RMB0.11 million was attributable to the increase in the interest expenses of lease liabilities.

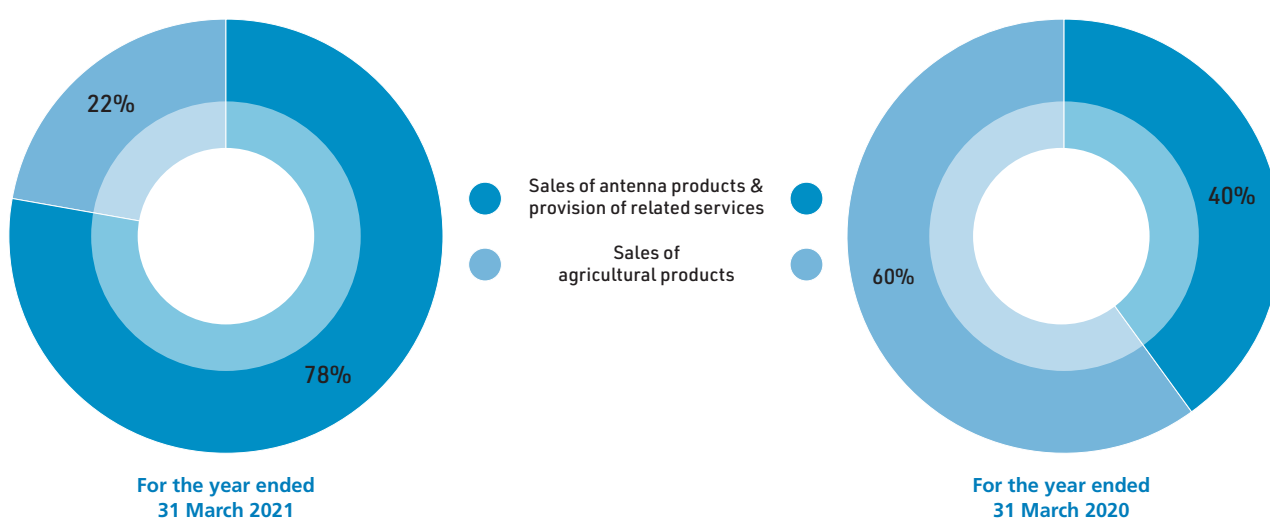
Approximately RMB0.31 million was received as government subsidy for the three months ended 31 March 2021, but no such other gain was recognised for the corresponding period in the year of 2020.

Gain of approximately RMB0.10 million was recognised as financial assets measured at fair value through profit or loss for the three months ended 31 March 2021, comparing to approximately RMB2.54 million for the corresponding period of 2020. It was because the shareholdings of the investment were dropped from 5,080,004 shares to 880,004 shares by the end of 2020.

NET LOSS

Although there was a decrease of approximately RMB2.44 million in gain from changes in fair value for the three months ended 31 March 2021, there was a significant increase in total operating income by approximately RMB6.06 million with as high as 54.03% gross profit margin. During the three months ended 31 March 2021, the Group recorded an unaudited net loss of approximately RMB2.79 million, comparing to the unaudited net loss of approximately RMB4.76 million for the corresponding period in the year of 2020.

Composite of the Group's main business income by reportable and operating segments for the three months ended 31 March 2021, together with the comparative figures for the three months ended 31 March 2020, are provided as follows:



PROSPECTS

The Group made strategic adjustments and preparation for the production of sales orders that were obtained and expected to be obtained for the Dielectric Lens Antennas. Based on the results of network field tests and technologies exchanges carried out in 28 provinces previously, the Group will continue to increase communication with customers, deepen technologies and business exchanges with them, understand customer needs in a timely manner, and follow up related bidding and procurement plans. The Group believes that more orders could be obtained in the subsequent bidding and procurement work.

For the operating segment of sales of agricultural products, based on the existing stable customer base, the Group will make full use of poverty alleviation policy and resources to strive to expand the customer base and actively expand the business of this segment in order to make a contribution to the improvement in the performance of the Group.

The Group will focus on the development of the operating segment of sales of antenna products and provision of related services, and will pay close attention to the working capital required to complete sales orders. In addition to bank borrowings, the Group will also consider financing through issuance of shares and bonds to ensure smooth operation and development.

DIRECTORS', SUPERVISORY COMMITTEE MEMBERS' (THE "SUPERVISORS") AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of the Directors, Supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong) had applied to the Supervisors) and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

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

Long positions in H shares of the Company ("H Shares")

Name of person	Capacity	Number of H Shares	Approximate % in total issued H Shares	Approximate % in total issued Shares
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.53%
Mr. Chen Ji (陳繼先生)	Beneficial owner, spouse interest and interest in controlled corporation	46,371,000 (Note 3)	7.18%	2.44%
Ms. Lu Lihua (陸麗華女士)	Beneficial owner	14,000 (Note 4)	<0.01%	<0.01%

Short positions in H Shares

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

Notes:

- 328,363,637 Domestic Shares are held by Xi'an Tian An Corporate Management and Consulting Co., Ltd.* (西安天安企業管理諮詢有限公司) ("Tian An Corporate"), which is beneficially owned as to 60% by Mr. Xiao Bing (肖兵先生) and 40% by his spouse Ms. Chen Jing (陳靜女士). 157,468,698 Domestic Shares are held by Xi'an Xiao's Antenna Technologies Co., Ltd.* (西安肖氏天线科技有限公司) ("Xiao Antenna"), which is beneficially owned as to 31% by his father Professor Xiao Liangyong (肖良勇教授) and as to 30% by his spouse Ms. Chen Jing. By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 and 157,468,698 Domestic Shares. 65,000,000 Domestic Shares are held by Mr. Xiao Bing.
- 254,844,804 Domestic Shares are held by Shanghai Gaoxiang Investment Management Co., Ltd.* (上海高湘投資管理有限公司) ("Gaoxiang Investment"), which is beneficially owned by Mr. Chen Ji (陳繼先生) and his spouse Ms. Sun Xiangjun (孫湘君女士) in equal share. 18,500,000 Domestic Shares are held by Shanghai Hongzhen Ningshang Investment Management Partnership (limited partnership)* (上海泓甄寧尚投資管理合夥企業(有限合夥)) ("Shanghai Hongzhen Ningshang"), which is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment Management Co., Ltd.* (上海泓甄投資管理有限公司) ("Shanghai Hongzhen Investment"), and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 254,844,804 and 18,500,000 Domestic Shares.
- 9,771,000 H Shares are held by Mr. Chen Ji and 300,000 H Shares are held by Ms. Sun Xiangjun. 36,300,000 H Shares are held in investment products issued by Guotai Junan Financial Products Limited ("Guotai Junan Financial"), which is beneficially owned by Guotai Junan International Holdings Limited ("Guotai Junan International"). Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings Limited ("Guotai Junan Holdings"), which is beneficially owned by Guotai Junan Securities Co., Ltd ("Guotai Junan Securities"). Zhongrong International Trust Co., Ltd.* (中融國際信托有限公司) ("Zhongrong International"), an investment manager of Gaoxiang Investment, holds such investment products issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 300,000 and 36,300,000 H Shares.

4. Ms. Lu Lihua (陸麗華女士) is a staff Supervisor.
5. Short positions in 36,300,000 underlying H Shares are derived from unlisted and cash settled derivatives issued by Guotai Junan Financial, which is beneficially owned by Guotai Junan International. Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings, which is beneficially owned by Guotai Junan Securities. Zhongrong International, an investment manager of Gaoxiang Investment, holds such unlisted and cash settled derivatives issued by Guotai Junan Financial, and Gaoxiang Investment is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. By virtue of the SFO, Mr. Chen Ji is deemed to have short position in the same 36,300,000 underlying H Shares.

Saved as disclosed above, as at 31 March 2021, none of the Directors, Supervisors and chief executives of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2021, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons/entities (other than the Directors, Supervisors or chief executive of the Company) who/which had, or are deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who/which were or are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in Domestic Shares

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Ms. Chen Jing (陳靜女士)	Spouse interest and interest in controlled corporation	550,832,335 (Note 1)	44.00%	29.03%
Professor Xiao Liangyong (尚良勇教授)	Family member interest and interest in controlled corporation	550,832,335 (Note 1)	44.00%	29.03%
Tian An Corporate	Beneficial owner	328,363,637 (Note 1)	26.23%	17.30%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	273,344,804 (Note 2)	21.84%	14.40%
Gaoxiang Investment	Beneficial owner	254,844,804 (Note 2)	20.36%	13.43%
Xiao Antenna	Beneficial owner	157,468,698 (Note 1)	12.58%	8.30%
Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司)	Beneficial owner	100,000,000	7.99%	5.27%
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司)	Beneficial owner	75,064,706 (Note 3)	5.99%	3.96%
Ms. Wang Zengdi (王增娣女士)	Interest in controlled corporation	75,064,706 (Note 3)	5.99%	3.96%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司)	Beneficial owner	70,000,000 (Note 4)	5.59%	3.69%
Mr. Wang Yun (王贛先生)	Interest in controlled corporation	70,000,000 (Note 4)	5.59%	3.69%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心)	Beneficial owner	54,077,941 (Note 5)	4.32%	2.85%
Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司)	Interest in controlled corporation	54,077,941 (Note 5)	4.32%	2.85%
Ms. Jin Rongfei (金嶸霏女士)	Beneficial owner	50,000,000	3.99%	2.64%
Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司)	Beneficial owner	20,000,000	1.60%	1.05%
Mr. Zhang Jiandong (張建東先生)	Beneficial owner	20,000,000	1.60%	1.05%

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

Long positions in H Shares

Name of person/entity	Capacity	Number of H Shares (Note 6)	Approximate % in total issued H Shares	Approximate % in total issued Shares
Huang Li Hou (黃李厚)	Beneficial owner	85,100,000	13.18%	4.48%
Ms. Chen Wei (陳瑋女士)	Beneficial owner and interest in controlled corporation	70,897,000 (Note 7)	10.98%	3.74%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司)	Beneficial owner	70,752,000 (Note 7)	10.96%	3.73%
Oceanic Bliss Holdings Limited (海祥控股有限公司)	Interest in controlled corporation	70,752,000 (Note 7)	10.96%	3.73%
Zeal Warrior Investments Limited	Interest in controlled corporation	70,752,000 (Note 7)	10.96%	3.73%
Ms. Sun Xiangjun (孫湘君女士)	Beneficial owner, spouse interest and interest in controlled corporation	46,371,000 (Note 9)	7.18%	2.44%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 (Note 8)	6.50%	2.21%
Huang Wei Wen (黃偉汶)	Interest in controlled corporation	42,000,000 (Note 8)	6.50%	2.21%
Guotai Junan Financial	Issuer of investment products	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan International	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan Holdings	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Guotai Junan Securities	Interest in controlled corporation	36,300,000 (Note 9)	5.62%	1.91%
Zhongrong International	Investment manager	36,300,000 (Note 9)	5.62%	1.91%
Gaoxiang Investment	Beneficial owner	36,300,000 (Note 9)	5.62%	1.91%

Short positions in H Shares

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

Notes:

- 328,363,637 Domestic Shares are held by Tian An Corporate, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by his spouse Ms. Chen Jing. 157,468,698 Domestic Shares are held by Xiao Antenna, which is beneficially owned as to 31% by his father Professor Xiao Liangyong and as to 30% by his spouse Ms. Chen Jing. 65,000,000 Domestic Shares are held by Mr. Xiao Bing. By virtue of the SFO, each of Ms. Chen Jing and Professor Xiao Liangyong is deemed to be interested in the same 328,363,637, 157,468,698 and 65,000,000 Domestic Shares.
- 254,844,804 Domestic Shares are held by Gaoxiang Investment, which is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. 18,500,000 Domestic Shares are held by Shanghai Hongzhen Ningshang, which is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment, and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Ms. Sun Xiangjun is deemed to be interested in the same 254,844,804 and 18,500,000 Domestic Shares.
- 75,064,706 Domestic Shares are held by Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司), which is beneficially owned by as to 60% by Ms. Wang Zengdi (王增娣女士). By virtue of the SFO, Ms. Wang Zengdi is deemed to be interested in the same 75,064,706 Domestic Shares.

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

Saved as disclosed above, as at 31 March 2021, the Directors, Supervisors and chief executives of the Company were not aware of any other person/entity (other than the Directors, Supervisors or chief executive of the Company) who/which had, or is deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who/which was or is expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who/which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 31 March 2021, so far as is known to the Directors, Supervisors and chief executives of the Company, none of the Directors, Supervisors or chief executives of the Company or any of their respective associates including spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for H Shares (or warrants or debentures, if applicable) or to acquire H Shares.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2021.

COMPETING INTERESTS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2021, the Company has complied with the requirements of the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2021, the Company adopted a code of conduct regarding securities transactions by Directors on terms which are same as the required standard of dealings as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard for dealings and the code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) was established on 4 April 2003 with terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control systems, audit issues and operating risk management of the Group. As at 31 March 2021, the Audit Committee comprised of Professor Shi Ping and Professor Lei Zhenya, independent non-executive Directors, and Mr. Xu Xiong, a non-executive Director. The Group’s unaudited consolidated results for the three months ended 31 March 2021 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board

Xi’an Haitian Antenna Technologies Co., Ltd.*

Xiao Bing

Chairman

Xi’an, the People’s Republic of China, 13 May 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 Mr. Liu Lidong (劉立東先生) being independent non-executive Directors.

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

* For identification purposes only