



**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 2022**

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

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*This announcement, for which the directors (the “Directors”) of Xi’an 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

## 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 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

### CONSOLIDATED BALANCE SHEET

31 December 2022

Prepared by: Xi’an Haitian Antenna Technologies Co., Ltd.

Unit: RMB

Item	Note	31 December 2022	31 December 2021
<b>Current assets:</b>			
Cash at bank and on hand	VI,1	2,189,300.39	4,371,383.08
Financial assets held for trading	VI,2	0.00	2,000.00
Derivative financial assets		•	•
Notes receivable		•	•
Accounts receivable	VI,3	11,208,820.69	18,391,443.64
Receivables financing		•	•
Advanced payments	VI,4	1,369,250.95	377,684.42
Other receivables	VI,5	1,658,404.47	2,220,494.70
Of which: Interest receivable		•	•
Dividends receivable		•	•
Financial assets purchased under agreements to resell		•	•
Inventories	VI,6	13,472,028.86	14,106,472.20
Contractual assets		•	•
Held-for-sale assets		•	•
Non-current assets due within one year		•	•
Other current assets	VI,7	338,281.94	813,415.26
<b>Total current assets</b>		<b>30,236,087.30</b>	<b>40,282,893.30</b>
<b>Non-current assets:</b>		•	•
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	VI,8	5,616,018.80	6,517,570.17
Projects under construction		•	•
Bearer biological assets		•	•
Oil and gas assets		•	•
Right-of-use assets	VI,9	4,353,153.73	6,803,796.48
Intangible assets	VI,10	42,802,545.67	50,871,400.07
Development expenditure	VI,11	•	•
Goodwill		•	•
Long-term deferred expenses		•	•
Deferred income tax assets	VI,12	•	•
Other non-current assets	VI,13	9,236,360.44	13,042,225.16
<b>Total non-current assets</b>		<b>62,008,078.64</b>	<b>77,234,991.88</b>
<b>Total assets</b>		<b>92,244,165.94</b>	<b>117,517,885.18</b>

<b>Item</b>	<i>Note</i>	<b>31 December 2022</b>	31 December 2021
<b>Current liabilities:</b>			
Short-term borrowings	<i>VI,14</i>	<b>6,600,000.00</b>	8,500,000.00
Notes payable	<i>VI,15</i>		
Accounts payable		<b>6,758,022.06</b>	16,339,298.78
Advanced receipts			
Contractual liabilities	<i>VI,16</i>	<b>10,000.05</b>	0.00
Payroll payable	<i>VI,17</i>	<b>8,798,198.78</b>	4,980,111.91
Taxes payable	<i>VI,18</i>	<b>2,413,467.67</b>	1,985,843.98
Other payables	<i>VI,19</i>	<b>48,945,526.29</b>	30,345,635.50
Of which: Interest payable		<b>31,077.62</b>	0.00
Dividends payable		•	•
Held-for-sale liabilities		•	•
Non-current liabilities due within one year	<i>VI,20</i>	<b>5,809,739.52</b>	4,132,624.72
Other current liabilities	<i>VI,21</i>	<b>0.00</b>	25,500,000.00
<b>Total current liabilities</b>		<b><u>79,334,954.37</u></b>	<u>91,783,514.89</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		•	•
Bonds payable		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Lease liabilities	<i>VI,22</i>	<b>913,920.20</b>	3,466,177.46
Long-term payables		•	•
Long-term payroll payable		•	•
Estimated liabilities		•	•
Deferred incomes		•	•
Deferred income tax liabilities		•	•
Other non-current liabilities		•	•
<b>Total non-current liabilities</b>		<b><u>913,920.20</u></b>	<u>3,466,177.46</u>
<b>Total liabilities</b>		<b><u><u>80,248,874.57</u></u></b>	<u><u>95,249,692.35</u></u>

<b>Item</b>	<i>Note</i>	<b>31 December 2022</b>	31 December 2021
<b>Shareholders' equity:</b>			
Share Capital	<i>VI,23</i>	<b>189,762,900.00</b>	189,762,900.00
Other equity instruments		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Capital reserves	<i>VI,24</i>	<b>202,569,046.27</b>	182,569,046.27
Less: Treasury shares		•	•
Other comprehensive income		•	•
Special reserves		•	•
Surplus reserves	<i>VI,25</i>	<b>16,435,819.34</b>	16,435,819.34
General risk reserves		•	•
Undistributed profits	<i>VI,26</i>	<b>(399,227,694.10)</b>	(369,103,101.74)
<b>Total shareholders' equity attributable to the parent company</b>		<b><u>9,540,071.51</u></b>	<u>19,664,663.87</u>
<b>Minority shareholders' equity</b>		<b><u>2,455,219.86</u></b>	<u>2,603,528.96</u>
<b>Total shareholders' equity</b>		<b><u>11,995,291.37</u></b>	<u>22,268,192.83</u>
<b>Total liabilities and shareholders' equity</b>		<b><u><u>92,244,165.94</u></u></b>	<u><u>117,517,885.18</u></u>

# CONSOLIDATED INCOME STATEMENT

2022

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.

Unit: RMB

Item	Note	2022	2021
<b>I. Total operating income</b>	VI,27	<b>20,530,084.65</b>	39,067,769.85
Of which: Operating income		<b>20,530,084.65</b>	39,067,769.85
<b>II. Total operating costs</b>		<b>50,034,197.49</b>	61,069,531.80
Of which: Operating costs	VI,27	<b>14,623,873.53</b>	26,580,572.44
Taxes and surcharges	VI,28	<b>98,792.79</b>	134,275.34
Selling expenses	VI,29	<b>5,729,096.90</b>	5,207,338.94
Administrative expenses	VI,30	<b>22,162,541.12</b>	22,840,545.65
R&D expenses	VI,31	<b>6,578,248.03</b>	6,145,716.23
Financial expenses	VI,32	<b>841,645.12</b>	161,083.20
Of which: Interest expenses		<b>789,815.33</b>	609,791.20
Interest income		<b>8,914.14</b>	6,448.96
Add: Other gain	VI,33	<b>230,236.06</b>	736,024.70
Investment gain (“-” for loss)	VI,34	<b>793.80</b>	269,414.99
Of which: Gain from investment in associates and joint ventures			
Derecognition gain of financial assets measured at the amortised cost			
Gain from changes in fair value (“-” for loss)	VI,35	<b>0.00</b>	0.00
Credit impairment loss (“-” for loss)	VI,36	<b>-3,819,137.47</b>	-670,398.72
Assets impairment loss (“-” for loss)	VI,37	<b>0.00</b>	-994,652.68
Gain from assets disposal (“-” for loss)		<b>726.68</b>	0.00
<b>III. Operating profit (“-” for loss)</b>		<b>-33,091,493.77</b>	-22,661,373.66
Add: Non-operating income	VI,38	<b>2,841,520.22</b>	62,589.42
Less: Non-operating expenditure	VI,39	<b>32,144.37</b>	60,504.42
<b>IV. Total profit (“-” for total loss)</b>		<b>-30,282,117.92</b>	-22,659,288.66
Less: Income tax expenses	VI,40	<b>-9,216.46</b>	14,069.97
<b>V. Net profit (“-” for net loss)</b>		<b>-30,272,901.46</b>	-22,673,358.63
<b>(I) By business continuity</b>		<b>-30,272,901.46</b>	-22,673,358.63
1. Net profit from continuing operations (“-” for net loss)		<b>-30,272,901.46</b>	-22,673,358.63
2. Net profit from discontinued operations (“-” for net loss)			
<b>(II) By ownership</b>		<b>-30,272,901.46</b>	-22,673,358.63
1. Net profit attributable to owners of the parent company (“-” for net loss)		<b>-30,124,592.36</b>	-22,660,963.72
2. Minority shareholders’ profit and loss (“-” for net loss)		<b>-148,309.10</b>	-12,394.91

<b>VI. Net of tax of other comprehensive income</b>	–	–
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 can		
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		
portion of		
cash flow hedging gain or loss)	•	•
6. Translation difference of foreign		
currency financial statements	•	•
7. Others	•	•
Net of tax of other comprehensive income attributable		
to minority shareholders	•	•
<b>VII. Total comprehensive income</b>	<b>–30,272,901.46</b>	–22,673,358.63
Total comprehensive income attributable to		
shareholders of the parent company	<b>–30,124,592.36</b>	–22,660,963.72
Total comprehensive income attributable to minority		
shareholders	<b>–148,309.10</b>	–12,394.91
<b>VIII. Earnings per share</b>		
(I) Basic earnings per share (Yuan/share)	<b>–0.0159</b>	–0.0119
(II) Diluted earnings per share (Yuan/share)	<b>–0.0159</b>	–0.0119

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2022

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.

Unit: RMB

Item	2022													Minority shareholders' equity	Total shareholders' equity
	Shareholders' equity attributable to the parent company														
	Share Capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal		
I. Closing balance of last year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	-309,103,101.74	-	19,664,663.87	2,603,528.96	22,268,192.83
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	-309,103,101.74	-	19,664,663.87	2,603,528.96	22,268,192.83
III. Changes for the year ("-" for decrease)	-	-	-	-	20,000,000.00	-	-	-	-	-	-30,124,592.36	-	-10,124,592.36	-148,309.10	-10,272,901.46
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-30,124,592.36	-	-	-148,309.10	-30,272,901.46
(II) Capital invested and reduction by shareholders	-	-	-	-	20,000,000.00	-	-	-	-	-	-	-	20,000,000.00	-	20,000,000.00
1. Common shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognised as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	20,000,000.00	-	-	-	-	-	-	-	20,000,000.00	-	20,000,000.00
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal structure of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilisation during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	189,762,900.00	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-309,227,694.10	-	9,540,071.51	2,455,219.86	11,995,291.37

Prepared by: Xi'an Haitian Antenna Technologies Co., Ltd.

Unit: RMB

Item	2021													Minority shareholders' equity	Total shareholders' equity
	Shareholders' equity attributable to the parent company														
	Share Capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal		
I. Closing balance of last year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	-346,412,138.02	-	42,325,627.59	2,615,923.87	44,941,551.46
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	-346,412,138.02	-	42,325,627.59	2,615,923.87	44,941,551.46
III. Changes for the year ("-" for decrease)	-	-	-	-	-	-	-	-	-	-	-22,660,963.72	-	-22,660,963.72	-12,394.91	-22,673,358.63
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-22,660,963.72	-	-22,660,963.72	-12,394.91	-22,673,358.63
(II) Capital invested and reduction by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 structure of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilisation during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	189,762,900.00	-	-	-	182,569,046.27	-	-	-	16,435,819.34	-	-369,073,101.74	-	19,664,663.87	2,603,528.96	22,268,192.83

## **NOTE:**

### **I. BASIC INFORMATION OF THE COMPANY**

Incorporated and established on 13 October 1999, Xi'an Haitian Antenna Technologies Co., Ltd. (hereinafter referred to as the Company, Haitian Antenna and/or collectively referred to as the Group, if it includes any subsidiary) 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 share 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).

### **II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

#### **1. Basis of preparation**

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 GEM Listing Rules of Hong Kong Stock Exchange, and accounting policies and accounting estimates stated in "IV. Significant Accounting Policies and Accounting Estimates" of the Notes.

#### **2. Going concern**

The Group's net profit for 2022 is RMB-30,272,901.46, and it continues to suffer losses; the net cash flow from operating activities is RMB-9,688,684.86; at the end of 2022, the current liabilities were higher than the current assets by RMB49,098,867.07 and the balance of cash at bank and on hand was RMB2,189,300.39, and there are debts overdue. These events all indicate the existence of material uncertainties that may cast significant doubts on the Group's ability to operate on a going concern basis. In view of this, the management of the Group has carefully considered the Group's future liquidity, operating conditions and available financing sources to assess whether the Group has sufficient working capital and financing sources to ensure that the Group will operate for 12 months after 31 December 2022. The Group has also implemented a number of measures to improve its financial conditions and liquidity, including:

##### **(1) Expansion of product sales business:**

- 1) In terms of communication base station antennas, in 2022, the Group proactively promoted the completion of delivery for signed contracts and collection of payments; paid attention to the bidding of various telecom operators and proactively participated in biddings. As of now, there are three provincial companies of China Telecom Co., Ltd. and one provincial company of China United Network Communications Co., Ltd. has issued a bidding announcement, and the project companies that have opened bids have all won the bids. Meanwhile, we strengthened cooperation in respect of new base station antenna products, and proactively carried out special business with China Unicom and China Telecom high-speed rail. At the same time, a cooperation framework agreement has been signed with a company.



- 2) In terms of other products, the new products for different application fields based on the lens antenna technology have been successfully developed in 2022, and have recorded sales. As of now, two procurement framework agreements have been signed, and procurement with other customers are under negotiation.

**(2) *Making full use of existing resources to reduce costs***

In order to reduce expenses, the Company held a general manager office meeting on 17 January 2023, at which the relocation of the production plant of Suzhou Haitian, a subsidiary of the Company, from Suzhou Changshu High-tech Industrial Development Zone to the Company's office site in Xi'an High-tech Industrial Development Zone, in order to reduce the cost of external leasing. As of now, the relocation has been started.

**(3) *Debt waiver or financial support of shareholders***

In order to solve the debt repayment pressure and improve the asset status, Xiao Bing and Shanghai Gaoxiang Investment Management Co., Ltd., both being shareholders of the Company, exempted the Company's debt of RMB20,000,000.00, of which Xiao Bing exempted RMB10,000,000.00 and Shanghai Gaoxiang Investment Management Co., Ltd. exempted RMB10,000,000.00. The waiver was completed on 31 December 2022.

Xiao Bing, Chen Ji, and Shanghai Gaoxiang Investment Management Co., Ltd., being shareholders of the Company, promised not to recover the debt of RMB17,113,774.32 after waiver before 31 December 2023.

Xiao Bing and Chen Ji, both being shareholders of the Company, promised to provide sufficient financial support for the funding gap in the financial budget of Haitian Antenna.

As of the date of this report, a financial support of RMB1,828,947.37 was provided.

**(4) *Proactive communication with lending banks to resolve overdue loans***

The loan of RMB3,100,000.00 lent by the Dongnan Sub-branch of Jiangsu Changshu Rural Commercial Bank Co., Ltd. to Suzhou Haitian, a subsidiary of the Company, was due on 15 December 2022 and had not been repaid. Suzhou Haitian signed a repayment agreement after full communication with the lending bank. Both parties agreed that the principal and interest of the loan would be repaid in 11 installments before 15 December 2023, of which, the first to the fourth installment repayment is RMB100,000.00 each, the fifth and the sixth installment is RMB200,000.00 each, the seventh installment is RMB300,000.00, the eighth installment is RMB400,000.00, the ninth and the tenth installment is RMB500,000.00 each, and the last installment is RMB773,769.13, totaling RMB3,273,769.13. The repayment of the first installment was completed on 28 February 2023.

Based on the abovementioned measures, the management believes that the Company will be able to obtain sufficient working capital to support the Company's operating needs for the foreseeable next twelve months. Accordingly, management believes that the Company and the Company's financial statements are properly prepared on a going concern basis.

### 3. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	0.00	2,000.00
Of which: Investment in equity instruments	<u>0.00</u>	<u>2,000.00</u>
<b>Total</b>	<b><u><u>0.00</u></u></b>	<b><u><u>2,000.00</u></u></b>

### 4. Accounts receivable

#### (1) Accounts receivable presented by bad debts provision method

Type	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts					
by single item	1,300,000.00	9.85	1,300,000.00	100.00	0.00
Provision for bad debts					
by portfolio	11,899,890.71	90.15	691,070.02	5.81	11,208,820.69
Of which: Aging					
portfolio	10,798,657.71	81.81	691,070.02	6.40	10,107,587.69
Low-risk					
portfolio	<u>1,101,233.00</u>	8.34	<u>0.00</u>	0.00	<u>1,101,233.00</u>
<b>Total</b>	<b><u><u>13,199,890.71</u></u></b>		<b><u><u>1,991,070.02</u></u></b>		<b><u><u>11,208,820.69</u></u></b>

(Table continued)

Type	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts					
by single item	7,890,117.65	29.25	7,890,117.65	100.00	0.00
Provision for bad debts					
by portfolio	19,082,444.68	70.75	691,001.04	3.62	18,391,443.64
Of which: Aging					
portfolio	18,370,282.64	68.11	691,001.04	3.76	17,679,281.60
Low-risk portfolio	<u>712,162.04</u>	2.64	<u>0.00</u>	0.00	<u>712,162.04</u>
<b>Total</b>	<b><u><u>26,972,562.33</u></u></b>		<b><u><u>8,581,118.69</u></u></b>		<b><u><u>18,391,443.64</u></u></b>

1) *Provision for bad debts of accounts receivable by single item*

Name	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Provision ratio (%)	
Shaanxi Yijia Haosen Industrial Development Co., Ltd.	1,300,000.00	1,300,000.00	100.00	Expected to be unrecoverable
<b>Total</b>	<b><u>1,300,000.00</u></b>	<b><u>1,300,000.00</u></b>		

2) *Provision for bad debts of accounts receivable by portfolio*

Aging portfolio

Aging	Book balance	Closing balance	
		Provision for bad debts	Provision ratio (%)
Within 1 year (including 1 year)	7,806,876.55	234,206.30	3.00
1-2 years	2,599,373.16	259,937.32	10.00
2-3 years	195,000.00	39,000.00	20.00
3-4 years	197,408.00	157,926.40	80.00
<b>Total</b>	<b><u>10,798,657.71</u></b>	<b><u>691,070.02</u></b>	

Other portfolio

Portfolio name	Book balance	Closing balance	
		Provision for bad debts	Provision ratio (%)
Low-risk portfolio	1,101,233.00	0.00	0.00

(2) *Accounts receivable presented by aging*

The ageing analysis of the accounts receivable (including accounts receivable by related parties) based on transaction date is as follows:

<b>Aging</b>	<b>Closing balance</b>
Within 1 year (including 1 year)	8,860,557.55
1-2 years	2,646,925.16
2-3years	195,000.00
4-5 years	197,408.00
Over 5 years	<u>1,300,000.00</u>
<b>Total</b>	<b><u><u>13,199,890.71</u></u></b>

The Group's sales are carried out in the form of accounts receivable according to the payment ratio agreed in the contract.

Accounts receivable with individual significant amount aged over three years

<b>Name</b>	<b>Book balance</b>	<b>Provision for bad debts</b>	<b>Aging</b>	<b>Provision ratio</b>	<b>Reason for provision</b>
Shaanxi Yijia Haosen Industrial Development Co., Ltd.	<u>1,300,000.00</u>	<u>1,300,000.00</u>	<u>Over 5 years</u>	<u>100.00%</u>	<u>Expected to be unrecoverable</u>

(3) *Provision for bad debts of accounts receivable for the year*

<b>Type</b>	<b>Opening balance</b>	<b>Provision</b>	<b>Amount of changes for the year</b>		<b>Others</b>	<b>Closing balance</b>
			<b>Recovered or written-back</b>	<b>Charge-off or write-off</b>		
Provision for bad debts	<u>8,581,118.69</u>	<u>68.98</u>	<u>0.00</u>	<u>6,590,117.65</u>	<u>0.00</u>	<u>1,991,070.02</u>

(4) *Account receivables actually written off during the year*

Entity name	Nature of receivables	Amount written off	Reason
Xi'an Jiarui Technology Development Co., Ltd.	Loan	6,480,000.00	Long-term pending accounts cannot be recovered
China Mobile Communications Group Sichuan Co., Ltd.	Loan	110,117.65	Long-term pending accounts cannot be recovered
<b>Total</b>		<b><u>6,590,117.65</u></b>	

(5) *Accounts receivable of top 5 debtors by closing balance*

The aggregate amount of the accounts receivable of top 5 debtors by closing balance for the year amounted to RMB8,178,373.06, accounting for 61.97% of the balance of total accounts receivable as at the end of the year. The aggregate balance of corresponding provision for bad debts as at the end of the year amounted to RMB1,687,969.22.

5. **Accounts payable**

(1) *Presentation of accounts payable*

Items	Closing balance	Opening balance
Trade balance	4,940,262.61	15,568,840.78
Intermediary service fee	1,817,759.45	0.00
Test service payments	0.00	770,458.00
<b>Total</b>	<b><u>6,758,022.06</u></b>	<b><u>16,339,298.78</u></b>

(2) *Significant accounts payable with aging of over 1 year*

<b>Entity name</b>	<b>Closing balance</b>	<b>Reason for unsettlement or carrying forward</b>
Shenzhen Xinmeitel Electronics Co., Ltd.	1,769,828.00	Unpaid
Suzhou Kaiying Automation Equipment Co., Ltd.	220,000.00	Unpaid
Changshu High-tech Industrial City Construction and Development Co., Ltd.	207,729.06	Unpaid
Xi'an Yingzhiyi Aviation Technology Co., Ltd.	173,960.00	Unpaid
Jiangsu Longcheng FRP Co., Ltd.	139,303.00	Unpaid
<b>Total</b>	<b><u>2,510,820.06</u></b>	<b><u>—</u></b>

(3) *Accounts payable presented by aging*

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

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	4,672,135.25	9,104,542.34
1-2 years	1,847,175.96	134,973.03
2-3 years	49,964.60	5,991,806.63
Over 3 years	188,746.25	1,107,976.78
<b>Total</b>	<b><u>6,758,022.06</u></b>	<b><u>16,339,298.78</u></b>

6. **Operating income, operating costs**

(1) *Operating income and operating costs*

<b>Items</b>	<b>Amount incurred in the year</b>		<b>Amount incurred in last year</b>	
	<b>Income</b>	<b>Costs</b>	<b>Income</b>	<b>Costs</b>
Main business	18,292,389.57	13,741,246.74	37,982,656.33	26,082,333.74
Other business	<u>2,237,695.08</u>	<u>882,626.79</u>	<u>1,085,113.52</u>	<u>498,238.70</u>
<b>Total</b>	<b><u>20,530,084.65</u></b>	<b><u>14,623,873.53</u></b>	<b><u>39,067,769.85</u></b>	<b><u>26,580,572.44</u></b>

(2) *Main business income – by product*

<b>Items</b>	<b>Main business income for the year</b>	<b>Main business income for last year</b>
Sales of antenna products and provision of related services	12,097,871.43	21,727,041.89
Sales of agricultural products	6,194,518.14	16,186,702.93
Sales of underwater monitoring products and related products	0.00	68,911.51
	<hr/>	<hr/>
<b>Total</b>	<b><u>18,292,389.57</u></b>	<b><u>37,982,656.33</u></b>

7. **Taxes and surcharges**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Environmental protection tax	11,633.78	84,185.54
Stamp duty	31,811.46	34,251.15
Urban maintenance and construction tax	31,515.54	8,450.61
Water conservancy fund	5,112.59	3,976.19
Education surcharge	18,396.36	3,411.85
Vehicle and vessel use tax	323.06	0.00
	<hr/>	<hr/>
<b>Total</b>	<b><u>98,792.79</u></b>	<b><u>134,275.34</u></b>

## 8. Selling expenses

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Payroll	1,991,720.66	1,552,737.75
Promotion and testing charges	1,188,505.68	298,643.26
Technical service fees	982,373.68	695,156.55
Business entertainment expenses	810,139.45	1,054,708.30
Travelling expenses	513,288.81	855,533.09
Intermediation fee	127,171.99	77,426.41
Office fees	77,120.84	72,527.34
Advertising expenses	28,352.40	1,300.00
Printing fees	6,020.00	34,000.12
Equipment depreciation expenses	3,311.04	3,086.86
Delivery charges	1,092.35	251,677.43
Rental fees	0.00	221,100.00
Service fees	0.00	39,629.00
Construction fees	0.00	36,000.00
Others	0.00	13,812.83
<b>Total</b>	<b><u>5,729,096.90</u></b>	<b><u>5,207,338.94</u></b>



## 9. Administrative expenses

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Amortisation of intangible assets	8,068,854.40	8,071,739.79
Payroll	7,030,979.86	7,748,751.69
Intermediation fee	2,915,094.20	1,712,121.10
Office fees	702,069.23	657,629.35
Depreciation of right-of-use assets	673,448.30	819,979.58
Business entertainment expenses	445,021.44	639,329.10
Vehicle expenses	438,646.59	567,909.85
Depreciation expenses	290,947.59	543,791.54
Utilities	211,024.71	214,012.61
Travelling expenses	116,062.79	526,015.60
Property management fee	150,045.18	137,722.01
Expenses of the Board	90,000.00	102,000.00
Disabled security fund	33,391.37	571.44
Communication fee	32,458.59	42,306.86
Repair fee	20,990.00	2,351.00
Transportation charges	2,976.64	34,818.39
Auditor's remunerations	647,631.10	659,008.77
– Audit service fee	623,887.15	624,716.98
– Other service fee	23,743.95	34,291.79
Amortisation of long-term deferred expenses	0.00	157,875.66
Others	292,899.13	202,611.31
<b>Total</b>	<b><u>22,162,541.12</u></b>	<b><u>22,840,545.65</u></b>

## 10. R&D expenses

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Payroll	4,907,998.43	3,308,947.99
Material fee	699,234.44	1,191,500.56
Testing charges	56,928.97	907,653.89
Travelling expenses	240,817.42	339,994.92
Depreciation and amortisation	458,349.21	245,653.07
Office fees	155,701.76	73,793.88
Development service fee	36,867.92	65,000.00
Shipping fee	6,234.19	9,186.37
Others	16,115.69	3,985.55
<b>Total</b>	<b><u>6,578,248.03</u></b>	<b><u>6,145,716.23</u></b>

## 11. Financial expenses

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Interest expenses	789,815.33	609,791.20
Less: Interest income	8,914.14	6,448.96
Add: Exchange loss	160,348.87	112,922.65
Less: Exchange gain	127,466.83	582,667.70
Other expenditure	27,861.89	27,486.01
<b>Total</b>	<b><u>841,645.12</u></b>	<b><u>161,083.20</u></b>

**12. Other gain**

<b>Source of other gain</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Job stabilisation subsidy	164,640.29	2,356.14
High-tech project recognition subsidy	50,000.00	94,500.00
Income tax handling fee refunded	9,915.81	10,931.13
VAT handling fee refunded	4,428.42	1,573.14
Relief of six taxes and two fees	971.54	0.00
Relief of Jinshuipan service fees	280.00	0.00
Changshu High-tech Zone Finance Bureau Patent Award	0.00	8,400.00
The second batch of patent awards and subsidies in Changshu City	0.00	3,000.00
House rental tax rebate	0.00	404.29
High-tech enterprise cultivation incentive funds	0.00	300,000.00
Subsidy for the utilization of waste and manure resources by the Agriculture and Rural Affairs Bureau	0.00	12,000.00
Shaanxi Province Intellectual Property Special Fund	0.00	50,000.00
Special fund for the construction of the National Independent Innovation Demonstration Zone in South Jiangsu, the high-tech zone reward and subsidy fund	0.00	239,000.00
Work-for-training subsidy	0.00	13,860.00
<b>Total</b>	<b><u>230,236.06</u></b>	<b><u>736,024.70</u></b>

**13. Investment gain**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Investment gain from disposal of financial assets held for trading	793.80	269,414.99
<b>Total</b>	<b><u>793.80</u></b>	<b><u>269,414.99</u></b>

**14. Gain from changes in fair value (“”) for loss)**

None

15. Credit impairment loss (“-” for loss)

Items	Amount incurred in the year	Amount incurred in last year
Bad debt loss of accounts receivable	-68.98	-384,802.35
Bad debt loss of other receivables	-13,203.77	-285,596.37
Bad debt loss of advanced payments for purchase of land and above-ground attachments	<u>-3,805,864.72</u>	<u>0.00</u>
<b>Total</b>	<b><u>-3,819,137.47</u></b>	<b><u>-670,398.72</u></b>

16. Assets impairment loss (“-” for loss)

Items	Amount incurred in the year	Amount incurred in last year
Inventory depreciation loss and contract performance cost impairment loss	<u>0.00</u>	<u>-994,652.68</u>
<b>Total</b>	<b><u>0.00</u></b>	<b><u>-994,652.68</u></b>

17. Non-operating income

(1) Breakdown of non-operating income

Items	Amount incurred in the year	Amount incurred in last year	Amount charged to non-recurrent profit or loss for the year
Gains from debt restructuring	0.00	62,308.69	0.00
Payables that cannot be paid	2,424,845.68	0.00	2,424,845.68
Other income	<u>416,674.54</u>	<u>280.73</u>	<u>416,674.54</u>
<b>Total</b>	<b><u>2,841,520.22</u></b>	<b><u>62,589.42</u></b>	<b><u>2,841,520.22</u></b>

(2) Government subsidies included in the profit and loss of the year

None.

## 18. Non-operating expenditure

Items	Amount incurred in the year	Amount incurred in last year	Amount charged to non-recurrent profit or loss for the year
Loss from damage and scrap of non-current assets	0.00	55,452.27	0.00
Inventory loss	8,464.64	0.00	8,464.64
Compensation, liquidated damages and fine expenditure	500.00	5,000.00	500.00
Other expenditure	<u>23,179.73</u>	<u>52.15</u>	<u>23,179.73</u>
<b>Total</b>	<b><u>32,144.37</u></b>	<b><u>60,504.42</u></b>	<b><u>32,144.37</u></b>

## 19. Income tax expenses

### (1) Income tax expenses

Items	Amount incurred in the year	Amount incurred in last year
Current income tax calculated according to tax law and relevant regulations	-9,216.46	14,069.97
– Mainland China corporate income tax	-9,216.46	14,069.97
– China Hong Kong profits tax	<u>0.00</u>	<u>0.00</u>
<b>Total</b>	<b><u>-9,216.46</u></b>	<b><u>14,069.97</u></b>

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

(2) *Reconciliation of accounting profit and income tax expense*

<b>Items</b>	<b>Amount incurred in the year</b>
Total consolidated profit in the year	<u>-30,282,117.92</u>
Income tax expenses calculated at statutory/applicable tax rates	-4,542,317.69
Impact of applying different tax rates to subsidiaries	348,730.01
Impact of adjustment of income tax of previous period	-9,699.99
Impact of non-taxable income	-4,763.36
Impact of non-deductible costs, expenses and losses	13,272.75
Impact of deductible losses from applying deferred income tax assets not recognised in previous period	0.00
Impact of deductible temporary differences or deductible losses of the deferred income tax assets not recognised for the year	5,233,372.27
Additional items that deductible under tax law	<u>-1,047,810.45</u>
<b>Income tax expenses</b>	<b><u><u>-9,216.46</u></u></b>

**20 Financial information of the reporting segments in the year**

Segment assets:

<b>Segment</b>	<b>Closing balance</b>	<b>Opening balance</b>
Sales of antenna products and provision of related services	84,036,841.77	106,484,119.50
Sales of underwater monitoring products and related products	3,111.96	154,018.59
Sales of aircraft products	1,670,053.49	2,850,657.44
Sales of agricultural products	<u>5,887,762.73</u>	<u>7,372,383.19</u>
<b>Total segment assets</b>	<b>91,597,769.95</b>	<b>116,861,178.72</b>
Unallocated assets	<u>646,395.99</u>	<u>656,706.46</u>
<b>Total consolidated assets</b>	<b><u><u>92,244,165.94</u></u></b>	<b><u><u>117,517,885.18</u></u></b>

Segment liabilities:

<b>Segment</b>	<b>Closing balance</b>	<b>Opening balance</b>
Sales of antenna products and provision of related services	51,285,780.63	70,060,166.72
Sales of underwater monitoring products and related products	214,890.24	123,805.00
Sales of aircraft products	23,120,807.57	16,152,213.10
Sales of agricultural products	<u>877,077.31</u>	<u>2,059,026.12</u>
<b>Total segment liabilities</b>	<b>75,498,555.75</b>	<b>88,395,210.94</b>
Unallocated liabilities	<u>4,750,318.82</u>	<u>6,854,481.41</u>
<b>Total consolidated liabilities</b>	<b><u>80,248,874.57</u></b>	<b><u>95,249,692.35</u></b>

Segment income and costs:

<b>Sales of goods</b>	<b>Main business income for the year</b>	<b>Main business costs for the year</b>
Sales of antenna products and provision of related services	12,097,871.43	7,602,843.88
Sales of agricultural products	6,194,518.14	6,138,402.86
Sales of underwater monitoring products and related products	0.00	0.00
Sales of aircraft products	<u>0.00</u>	<u>0.00</u>
<b>Total</b>	<b><u>18,292,389.57</u></b>	<b><u>13,741,246.74</u></b>

Segment income 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
<b>Income:</b>					
External sales	12,097,871.43	6,194,518.14	0.00	0.00	18,292,389.57
Segment profit (loss)	-18,724,642.45	12,739.03	-746,607.09	-441,390.78	-19,899,901.29
Unallocated other gain	0.00	0.00	0.00	0.00	0.00
Unallocated corporate expenditure for changes in the fair value of financial assets at fair value through profit and loss	0.00	0.00	0.00	0.00	0.00
Financial costs	0.00	0.00	0.00	0.00	-841,645.12
Unallocated income	0.00	0.00	0.00	0.00	5,310,971.84
Unallocated expenses and expenditure	0.00	0.00	0.00	0.00	-14,899,890.88
Loss before tax	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-30,330,465.45</u>

21. Return on net assets and earnings per share (“EPS”)

Profit for the reporting period	Weighted average return on net assets	EPS (Yuan/share)	
	(%)	Basic EPS	Diluted EPS
Net profit attributable to the ordinary shareholders of the parent company	-654.55	-0.0159	-0.0159
Net profit attributable to the ordinary shareholders of the parent company after deduction of non-recurring gains and losses	<u>-720.93</u>	<u>-0.0175</u>	<u>-0.0175</u>

The calculation method of the numerator of basic EPS: Net profit attributable to the shareholders of the parent company RMB-30,124,592.36.

The calculation method of the denominator of basic EPS: Weighted average number of ordinary shares in issue = Total number of shares at the beginning of the year (1,897,629,000.00) + Number of shares increased by issuance of new shares or conversion of debts into shares(0.00)\* Number of months accumulated from the month following the month of share increase (II) to year end (12)/Number of months in the reporting period (12) = RMB1,897,629,000.00.

The calculation method of the numerator of diluted EPS: Net profit attributable to the shareholders of the parent company RMB-30,124,592.36.

The calculation method of the denominator of diluted EPS: Weighted average number of ordinary shares in issue 1,897,629,000.00 + Weighted average number of ordinary shares increased by warrants, exercise of options, convertible bonds, etc. (0.00) = RMB1,897,629,000.00.



## 22. Dividends

No dividend was paid or proposed during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

## 23. Other Important Matters

### 1. *Non-public Issuance of domestic shares*

On 23 March 2022, the Company received the Approval on Private Placement of Shares by Xi'an Haitian Antenna Technologies Co., Ltd. (the "Issuance of Shares") (Zheng Jian Xu Ke [2022] No. 619)\* (《關於西安海天天線科技股份有限公司定向發行股票的批復》(證監許可[2022]619號)) issued by the China Securities Regulatory Commission (the "CSRC"). The approval shall be valid for a period of 12 months from the approval date. In view of the unfavorable capital market environment and financing opportunities, the Company failed to complete the Issuance of Shares within 12 months from the date of approval by the CSRC. Therefore, the approval for the Issuance of Shares automatically became invalid upon expiration.

### 2. *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, it heard the opinions of Haitian Antenna, Xi'an Tangdu Yanhua Automobile Sales and Service Co., Ltd. (西安唐都燕華汽車銷售服務有限公司), the applicant for reinstatement, and Xi'an Xiangyu Aviation Co., Ltd. (西安翔宇航空股份有限公司), the person subject to execution. Haitian Antenna submitted relevant evidence materials to the court to prove that the land and above-ground buildings purchased by Haitian Antenna complied with the provisions of Article 28 of the "Regulations of the Supreme People's Court on Several Issues Concerning the Handling of Execution Objections and Reconsideration Cases by the People's Court" 《(最高人民法院關於人民法院辦理執行異議和覆議案件若干問題的規定)》 and the measures of sealing up and auctioning the land and its attachments should be lifted.

On April 22, 2021, the Xi'an Intermediate People's Court rejected the Company's application for enforcement objection. The reason for the dismissal was that "the dormant seizure is not a formal sequestration in nature, and does not have the effect of a formal sequestration. If a person outside the case claims that his or her legitimate rights and interests have been infringed, he or she must file with the court that formally seizes the property involved in the case. Subsequently, Haitian Antenna filed with the Higher People's Court of Shaanxi Province for a review, and the provincial Higher Court made a ruling (2021) Shan Zhi Fu No. 123, rejecting Haitian Antenna's application for review and upholding the implementation ruling (2021) Shan 01 Zhi Yi No. 175 issued by the Xi'an Intermediate People's Court for the reason consistent with that given by the Xi'an Intermediate People's Court.

In this case, it has been verified that the house involved in the case where the enforcement department of the court claims ownership of Haitian Antenna, an outsider, is waiting to be sealed up. Although the First Seizing Court has transferred the right to dispose of the land involved in the case to the court, the right to examine the seizure has not been transferred." During the execution of the objection review, it was revealed that after Haitian Antenna purchased the land No. 007 and applied for land change registration, Xi'an Kanghong New Material Technology Co., Ltd. (西安康鴻新材料科技股份有限公司), another creditor of Xiangyu Aviation, filed a claim with the People's Court of Yanta District of Xi'an City applied for the seizure of Land No. 007, which means that an enforcement objection should be lodged with the People's Court of Yanta District of Xi'an City.

On 20 July 2021, Haitian Antenna submitted an application for an enforcement objection to the Executive Bureau of the People's Court of Yanta District, Xi'an City. Currently, the enforcement objection is still under review by the Executive Bureau of the Yanta Court.

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 RMB9,309,639.56 was required to recognise as of 31 December 2022 by the Company for the advanced payments related to the purchase of the land and aboveground attachments, including RMB5,503,774.84 provided for in the previous years and RMB3,805,864.72 provided for in the period.

3. The loan of RMB3,100,000.00 lent by the Dongnan Sub-branch of Jiangsu Changshu Rural Commercial Bank Co., Ltd. to Suzhou Haitian, a subsidiary of the Company, was due on 15 December 2022 and had not been repaid. Suzhou Haitian signed a repayment agreement after full communication with the lending bank. Both parties agreed that the principal and interest of the loan would be repaid in 11 installments before 15 December 2023, of which, the first to the fourth installment repayment is RMB100,000.00 each, the fifth and the sixth installment is RMB200,000.00 each, the seventh installment is RMB300,000.00, the eighth installment is RMB400,000.00, the ninth and the tenth installment is RMB500,000.00 each, and the last installment is RMB773,769.13, totaling RMB3,273,769.13. The repayment of the first installment was completed on 28 February 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### **Total Operating Income**

Total operating income recorded for the year ended 31 December 2022 was approximately RMB20.53 million, representing approximately 53% of the total operating income for the same period of 2021.

Affected by the COVID-19 epidemic, the bidding process of communication network operators was postponed, and project construction was further delayed. The production and business promotion of the mobile communication products of the Group slowed down, thus affecting the overall performance of the Group. In view of the above objective situation, based on the wide applicability of lens materials in different fields and scenarios, the Group has concentrated its existing resources on development of more types of new artificial dielectric lens antenna products. The Group not only proactively promoted the implementation of the share of communication network operators' centralized procurement bids this year, but also continued to follow up on communication network operators' bidding projects and took various measures to promote more types of business cooperation.

### ***Sales of antenna products and provision of related services***

The operating income from the operating segment of sales of antenna products and provision of related services decreased from approximately RMB21.73 million for the same period of 2021 to approximately RMB12.10 million for the year, representing approximately 66% of the main business income of the Group. Affected by the COVID-19, the production and business promotion of the Group's mobile communication products slowed down, which affected the overall performance of the Group.

### ***Sales of agricultural products***

The operating income from the operating segment of sales of agricultural products decreased from approximately RMB16.19 million for last year to approximately RMB6.19 million for the year. The sales of agricultural products accounted for approximately 34% of the main business operating income of the Group, and the total weight of live chicken and chicken meat, and non-staple foods sold during the year was amounted to approximately 20 tons and 180 tons respectively. Considering the increase in the purchase price of live chicken feed, the increase in the cost of artificial breeding and the instability of the COVID-19, the Group temporarily stopped the operation of live chicken farming since the third quarter, and leased the existing facilities to other operators. At present, it only independently operates the sales of related by-products.

## ***Sales of underwater monitoring and related products and Sales of aircraft products***

The segments of sales of underwater monitoring and related products and sales of aircraft products still provided technical support and after-sales services to existing customers. During the year, the two business segments did not record operating income.

## ***Other business***

Operating income from other businesses included sales of raw materials of approximately RMB1.31 million, rental income from office properties occupied by the Group of approximately RMB820,000 during the year, and service income of approximately RMB110,000.

## **Gross Profit**

Gross profit of approximately RMB5.91 million was recorded for the year with gross profit margin of approximately 29%, representing a decrease of 3% as when comparing to gross profit margin of approximately 32% of 2021. The decline in gross profit margin was mainly due to the decline in the sales scale of communication products.

## **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 increased from approximately RMB5.21 million for last year to approximately RMB5.73 million for the year, mainly due to the inclusion of the construction costs for the procurement of artificial dielectric lens antenna products of approximately RMB2.17 million, of which promotional testing fees and technical service fees were approximately RMB1.19 million and RMB980,000, respectively.

Amortisation of approximately RMB8.00 million was recognised for the patents of the Dielectric Lens Antennas 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 widespread use of 5G communication continued to support their value to the Group.

Research and development expenses were approximately RMB6.58 million for the Dielectric Lens Antennas during the year, which were mainly for further improvement and advance work on existing antenna products after considering the feedback from markets and customers. There were no material changes in the components of research and development expenses.

During the year, there was no significant impairment loss on receivables.

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 RMB3.81 million was recognised as impairment loss during the year. Details of the basis of assessment are disclosed in the Note XVI.2.

Segment profit of approximately RMB0.01 million was reported for the operating segment of sales of agricultural products. Segment losses of approximately RMB0.44 million and approximately RMB0.75 million were reported for the operating segments of sales of underwater monitoring and related products and sales of aircraft products respectively due to the Group did not carry out marketing and promotion activities during the year. Segment loss of approximately RMB18.72 million was reported for the operating segment of sales of antenna products and provision of related services as the production scale was still below the normal operating level of enlarged production capacity. The production capacity was not fully utilised because further delay and time lag of procurement activities for the Dielectric Lens Antennas by major communication network operators.

### **Other Expenses, Expenditure, Gain and Income**

Administrative expenses decreased from approximately RMB22.84 million for last year to approximately RMB22.16 million for the year, representing a decrease of approximately 3%.

Total staff costs of the Group increased from approximately RMB15.00 million for last year to approximately RMB16.21 million for the year as the additional research and development force was required for research and development of the Dielectric Lens Antennas.

Financial expenses for the year were approximately RMB0.84 million, representing an increase of 425% from approximately RMB0.16 million for last year, of which approximately RMB0.79 million were interest expenses for short-term borrowings. Short-term bank borrowings of approximately RMB6.60 million were raised to finance the operations by the end of 2022.

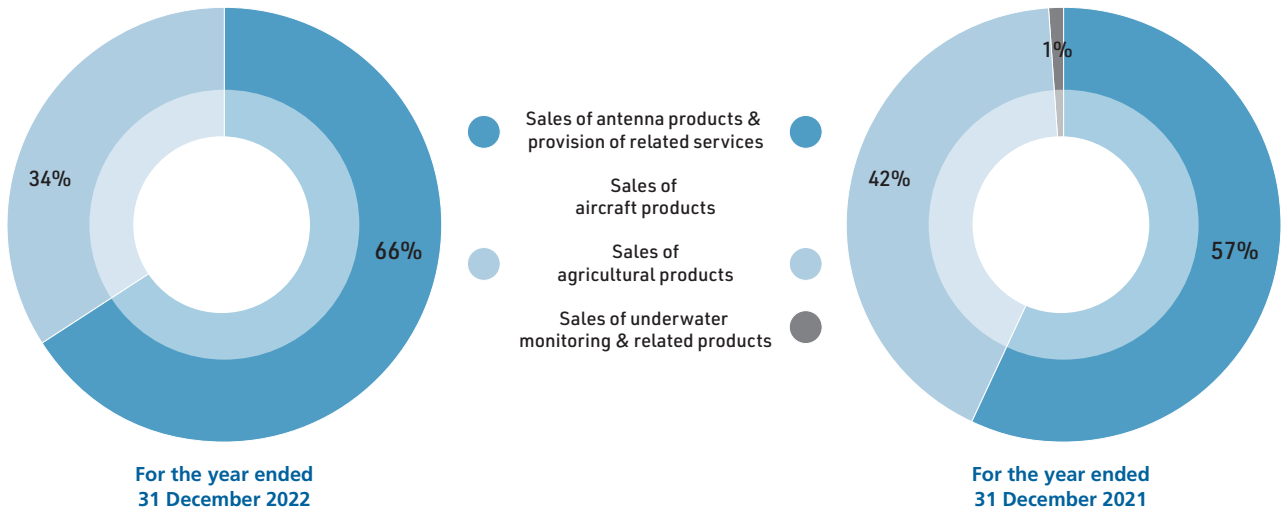
Approximately RMB0.23 million was received from government authorities as grants, subsidies and rewards for product development and business operations.

### **Net Loss**

The net loss of the Group for the year amounted to approximately RMB30.27 million, representing an increase of approximately 34% from the net loss of RMB22.67 million for 2021.

Net loss attributable to owners of the parent company was approximately RMB30.12 million after accounting for minority shareholders' profit and loss in respect of sales of agricultural products.

Composite of the Group's main business income by reportable and operating segments for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, are as follows:



## PROSPECTS FOR 2023

In 2023, with the improvement of the epidemic situation and the liberalization of the overall market, travel is no longer restricted, and all operations and sales of the Group have gradually resumed. The Group will leverage on the advantages that lens antenna products have been recognized in the mobile communication industry to continue to expand market development in the mobile communication industry. Meanwhile, the Group will continue to tap new profit potentials in terms of R&D and innovation and explore new profit growth drivers, to improve operating performance and achieve new development of the Group.

In 2023, the Group will seize the application of lens antennas in the communication base station antenna industry as an opportunity to steadily promote the market development in the communication base station antenna industry. Although the Group's performance in 2022 was severely affected by the epidemic, the business relationship and business communication between the Group and customers was not be relaxed in 2022, laying a foundation for performance improvement in 2023.

In 2023, the Group will proactively complete the implementation of the orders that have been signed but not completed in 2022. In terms of new bidding and procurement needs of customers, with the improvement of the epidemic situation, operators in many provinces and cities across the country have quickly started bidding and the backlog demands of the market in previous years begin to recover. The Group will also subdivide customers and seize opportunities. While proactively promoting cooperation with China Mobile, it will also further intensify market development of China Unicom and China Telecom. As of now in 2023, the Group has successfully won the bidding projects of several provincial and municipal operators.

The dielectric lens antenna products independently developed by the Group have the characteristics of long-distance coverage and stable and gradual signal field strength, which can effectively solve the problem that the signal is not continuous due to the too far distance between stations along the high-speed rail as restricted by engineering construction or terrain. In addition, the technical feature of "separated-station and closed-station" of the dielectric lens of Haitian greatly reduces construction investment for operators in the coverage of high-speed rail private networks as well as costs of subsequent network optimization and related maintenance and increases investment returns. The Group will also rely on the application case experience of several high-speed rail private network projects of China Mobile that it has successfully participated in, to strengthen marketing efforts for the typical application scenario of high-speed rail coverage, striving to improve the performance of the Group.

In addition, after technical reserves and advanced research in the previous years, the Group successfully developed a super wifi product that applies lens antennas in the wifi industry at the end of 2022. Based on the new lens material, the super WiFi router product combined with the high concurrency algorithm application of chip is suitable for villas, wiring free application scenarios of large-area households, wireless office of enterprises, shopping malls and supermarkets, conference centers, scenic spots, airports, hotels, inns, bars, KTV, electronic schoolbag teaching, smart factories, museums and other medium-density and high-density scenarios. The router products based on the dielectric lens have strong signal and long coverage, and can achieve super coverage and have excellent through-wall performance; with the intelligent algorithm, multiple people can watch videos at the same time without delay; the simple and intelligent multi-level device networking mode can adapt to complex environments and have other performance advantages. At present, for the product, the Group has signed purchase agreements with customers, and the products have been shipped successively to form sales. Meanwhile, the Group has also reached a strategic cooperation agreement with a subsidiary of Shandong Wego Group, pursuant to which the Group will carry out a series of strategic cooperation with it on lens series products, especially lens WiFi terminal products. In 2023, the Group will conduct marketing and sales of this product, and the lens WiFi product will become a new profit growth driver for the Group and make contributions to the Company's performance.

Meanwhile, the Group will continue to proactively explore the application of "lens technology" in remote sensing technology, UAV data transmission, fire safety monitoring and other fields. On the one hand, it will continue to develop lens technology-based derivative products in the wireless communication field. On the other hand, the Company will also cooperate with enterprises in other cross-industry fields by providing lens technology and products to expand the Company's customer base as much as possible and form a new growth driver for the performance of the Company.

Meanwhile, in 2023, the Group will continue to develop agricultural and sideline products-related businesses, striving to improve the performance of agricultural and sideline products, and fully fulfill the social responsibilities as a listed company through industrial poverty alleviation.

With regard to the capital required for future development of the Group, in addition to bank borrowings and revitalisation of 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 and development.



## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year, the Group was mainly financed by funds generated from operations, 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 2022, the Group had the short-term borrowings of approximately RMB6.60 million which were repayable within one year, and the lease liabilities of approximately RMB6.72 million which were classified in accordance with the lease terms.

During the year, the interest-bearing borrowings borne interest rates of ranging from 1% to 6% per annum and the lease liabilities borne interest rate of 7.13% per annum. Majority of debts for operations were denominated in RMB during the year. Details of policy in respect of interest rate risk and foreign exchange risk are disclosed in note IX.2 to the financial statements, the Directors consider that exposure to interest rate risk and foreign exchange risk was minimal.

As at 31 December 2022, the gearing ratio of the Group was approximately 139.66% (2021: 81.87%), 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. Details of changes in equity of the Group are disclosed in the consolidated statement of changes in shareholders' equity of the annual report and the structure of share capital is disclosed in note VI.23 to the financial statements.

Cash and cash equivalents decreased approximately from RMB4.19 million to RMB1.95 million. As at 31 December 2022, bank deposits of approximately RMB0.24 million were regarded as margin account and suspended account funds for operations and liabilities of the Group.

## **FOREIGN EXCHANGE EXPOSURE**

Since majority of the transactions of the Group are denominated in RMB, the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review. The Group did not enter into any material foreign exchange contracts, interest or currency swaps or other financial activities. Details of policy in respect of foreign exchange risk are disclosed in note IX.2 to the financial statements, the Directors consider that exposure to foreign exchange risk was minimal.

## **SIGNIFICANT INVESTMENT HELD**

Except for interests in subsidiaries disclosed in notes VIII.1 to the financial statements, the Group did not hold any significant investment for the year ended 31 December 2022.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in the paragraph headed “Significant Investment Held” above, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and affiliated companies during the year ended 31 December 2022.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group had 113 (2021: 125) full-time employees. Total staff costs for the year of 2022 amounted to approximately RMB16.21 million (2021: RMB15.00 million), including remuneration of the Directors and members of the supervisory committee (the “Supervisors”). All employees of the Group are eligible to participate in the defined contribution retirement schemes required by the law. The Group reviews employee remuneration from time to time and the increments in remuneration are normally granted annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance. Bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group has not granted any share options to the Directors and its employees. A comprehensive career development programme is launched for all employees which provides diversified part-time training opportunities in accordance with the needs of their positions and specialities. Details of remuneration of the Directors, Supervisors and senior management by band are disclosed in note XI.5 to the financial statements.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2022, except for bank deposits of approximately RMB0.24 million regarded as margin account and suspended account funds, no other assets of the Group were pledged for its operations and liabilities.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

As at 31 December 2022, 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 2022, except for those disclosed in note XIII to the financial statements, the Group did not have any material contingent liabilities.

## **UTILISATION OF NET PROCEEDS FROM EQUITY FUND RAISING ACTIVITIES**

During the year ended 31 December 2022, there was no utilisation of net proceeds from equity fund raising activities.

## **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 2022, except for the below deviation:

### **F.2**

One non-executive Director was absent from the last annual general meeting of the Company held on 23 June 2022 as they were away due to other important engagements at the time of this meeting. The Board considered that sufficient measures had been taken for the absent Director to understand the views of shareholders.

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New Corporate Governance Code and align with the latest developments.

## **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 in April 2003 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the CG Code. As of the date of this Report, the Audit Committee is currently chaired by, an independent non-executive Director, Professor Shi Ping and the other members are Mr. Liu Lidong and Mr. Zuo Hong, with the majority being independent non-executive Directors.

The Audit Committee is responsible for reviewing accounting policies and practices adopted by the Group. It also reviews and discusses matters related to the effectiveness of financial reporting, internal control and audit, and performs other duties as assigned by the Board, and reports its work, findings and recommendations to the Board after each meeting in respect of the above matters as well as the operating risks faced by the Group. The Audit Committee has to recommend the appointment, reappointment and removal, approve the remuneration and terms of engagement, review and monitor the independence, objectivity, resignation and dismissal of the external auditor, and maintain sufficient communication and discuss the nature and scope of the audit with the external auditor.

During the financial year ended 2022, 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 2022.

## **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 2022.

## **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 2022 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 did not undertake and/or approve any significant and discloseable connected transactions with connected persons of the Company.

## 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 2022 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, 30 March 2023

*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. Li Wenqi (李文琦先生), Mr. Zuo Hong (左宏先生), Mr. Zhang Jun (張鈞先生) and Mr. Sun Yikuan (孫義寬先生) being non-executive Directors; and 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 purpose only