



**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 2021**

**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 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

### CONSOLIDATED BALANCE SHEET

31 December 2021

		<i>Unit: RMB</i>	
<b>Item</b>	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
<b>Current assets:</b>			
Cash at bank and on hand		<b>4,371,383.08</b>	2,065,197.50
Financial assets held for trading	3	<b>2,000.00</b>	2,334,010.60
Derivative financial assets		–	–
Notes receivable		–	–
Accounts receivable	4	<b>18,391,443.64</b>	2,165,411.16
Receivables financing		–	–
Advanced payments		<b>377,684.42</b>	706,310.57
Other receivables		<b>2,220,494.70</b>	2,074,844.67
Of which: Interest receivable		–	–
Dividends receivable		–	–
Financial assets purchased under agreements to resell		–	–
Inventories		<b>14,106,472.20</b>	7,843,229.28
Contractual assets		–	–
Held-for-sale assets		–	–
Non-current assets due within one year		–	–
Other current assets		<b>813,415.26</b>	1,048,655.53
<b>Total current assets</b>		<b><u>40,282,893.30</u></b>	<b><u>18,237,659.31</u></b>

<b>Item</b>	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
<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		<b>6,517,570.17</b>	6,152,972.24
Projects under construction		–	128,205.13
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		<b>6,803,796.48</b>	9,542,773.41
Intangible assets		<b>50,871,400.07</b>	58,939,423.05
Development expenditure		–	–
Goodwill		–	–
Long-term deferred expenses		–	180,236.65
Deferred income tax assets		–	–
Other non-current assets		<b><u>13,042,225.16</u></b>	<u>13,042,225.16</u>
<b>Total non-current assets</b>		<b><u>77,234,991.88</u></b>	<b><u>87,985,835.64</u></b>
<b>Total assets</b>		<b><u>117,517,885.18</u></b>	<b><u>106,223,494.95</u></b>

<b>Item</b>	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings		<b>8,500,000.00</b>	–
Notes payable		–	–
Accounts payable	5	<b>16,339,298.78</b>	11,358,974.27
Advanced receipts		–	–
Contractual liabilities		–	–
Payroll payable		<b>4,980,111.91</b>	3,831,316.18
Taxes payable		<b>1,985,843.98</b>	1,905,375.50
Other payables		<b>30,345,635.50</b>	20,404,258.11
Of which: Interest payable		–	–
Dividends payable		–	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		<b>4,132,624.72</b>	2,981,115.59
Other current liabilities		<b><u>25,500,000.00</u></b>	<u>13,500,000.00</u>
<b>Total current liabilities</b>		<b><u>91,783,514.89</u></b>	<u>53,981,039.65</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		–	–
Bonds payable		–	–
Of which: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities		<b>3,466,177.46</b>	7,300,903.84
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>3,466,177.46</u></b>	<u>7,300,903.84</u>
<b>Total liabilities</b>		<b><u>95,249,692.35</u></b>	<u>61,281,943.49</u>

<b>Item</b>	<i>Note</i>	<b>31 December 2021</b>	31 December 2020
<b>Shareholders' equity:</b>			
Share Capital		<b>189,762,900.00</b>	189,762,900.00
Other equity instruments		–	–
Of which: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserves		<b>182,569,046.27</b>	182,569,046.27
Less: Treasury shares		–	–
Other comprehensive income		–	–
Special reserves		–	–
Surplus reserves		<b>16,435,819.34</b>	16,435,819.34
General risk reserves		–	–
Undistributed profits		<u>(369,103,101.74)</u>	<u>(346,442,138.02)</u>
<b>Total shareholders' equity attributable to the parent company</b>		<u><b>19,664,663.87</b></u>	<u>42,325,627.59</u>
<b>Minority shareholders' equity</b>		<u><b>2,603,528.96</b></u>	<u>2,615,923.87</u>
<b>Total shareholders' equity</b>		<u><b>22,268,192.83</b></u>	<u>44,941,551.46</u>
<b>Total liabilities and shareholders' equity</b>		<u><b>117,517,885.18</b></u>	<u>106,223,494.95</u>

# CONSOLIDATED INCOME STATEMENT

2021

Unit: RMB

Item	Note	2021	2020
<b>I. Total operating income</b>		<b>39,067,769.85</b>	12,177,460.98
Of which: Operating income	6	<b>39,067,769.85</b>	12,177,460.98
<b>II. Total operating costs</b>		<b>61,069,531.80</b>	43,531,343.13
Of which: Operating costs	6	<b>26,580,572.44</b>	9,330,714.11
Taxes and surcharges	7	<b>134,275.34</b>	101,841.91
Selling expenses	8	<b>5,207,338.94</b>	876,427.11
Administrative expenses	9	<b>22,840,545.65</b>	28,648,154.58
R&D expenses	10	<b>6,145,716.23</b>	4,287,730.38
Financial expenses	11	<b>161,083.20</b>	286,475.04
Of which: Interest expenses		<b>609,791.20</b>	190,974.34
Interest income		<b>6,448.96</b>	9,499.02
Add: Other gain	12	<b>736,024.70</b>	621,052.07
Investment gain (“()” for loss)	13	<b>269,414.99</b>	955,643.36
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)	14	–	114,400.52
Credit impairment loss (“()” for loss)	15	<b>(670,398.72)</b>	(5,046,446.72)
Assets impairment loss (“()” for loss)	16	<b>(994,652.68)</b>	–
Gain from assets disposal (“()” for loss)		–	–
<b>III. Operating profit (“()” for loss)</b>		<b>(22,661,373.66)</b>	(34,709,232.92)
Add: Non-operating income	17	<b>62,589.42</b>	265,636.66
Less: Non-operating expenditure	18	<b>60,504.42</b>	83,360.44
<b>IV. Total profit (“()” for total loss)</b>		<b>(22,659,288.66)</b>	(34,526,956.70)
Less: Income tax expenses	19	<b>14,069.97</b>	11,946.97
<b>V. Net profit (“()” for net loss)</b>		<b>(22,673,358.63)</b>	(34,538,903.67)
<b>(I) By business continuity</b>		<b>(22,673,358.63)</b>	(34,538,903.67)
1. Net profit from continuing operations (“()” for net loss)		<b>(22,673,358.63)</b>	(34,538,903.67)
2. Net profit from discontinued operations (“()” for net loss)		–	–
<b>(II) By ownership</b>		<b>(22,673,358.63)</b>	(34,538,903.67)
1. Net profit attributable to owners of the parent company (“()” for net loss)		<b>(22,660,963.72)</b>	(34,192,415.93)
2. Minority shareholders’ profit and loss (“()” for net loss)		<b>(12,394.91)</b>	(346,487.74)

Item	Note	2021	2020
<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>(22,673,358.63)</b>	(34,538,903.67)
Total comprehensive income attributable to shareholders of the parent company		<b>(22,660,963.72)</b>	(34,192,415.93)
Total comprehensive income attributable to minority shareholders		<b>(12,394.91)</b>	(346,487.74)
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share (Yuan/share)	21	<b>(0.0119)</b>	(0.0185)
(II) Diluted earnings per share (Yuan/share)	21	<b>(0.0119)</b>	(0.0185)

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2021

Unit: RMB

Item	2021													Minority shareholders' equity	Total shareholders' equity
	Shareholders' equity attributable to the parent company														
	Share Capital	Other equity instruments			Capital reserves	Less: 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	-	(346,442,138.02)	-	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	-	(346,442,138.02)	-	42,325,627.59	2,615,923.87	44,941,551.46
III. Changes for the year ("↑" for increase)	-	-	-	-	-	-	-	-	-	-	(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	<u>189,762,900.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,569,046.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,435,819.34</u>	<u>-</u>	<u>(369,103,101.74)</u>	<u>-</u>	<u>19,664,663.87</u>	<u>2,603,528.96</u>	<u>22,268,192.83</u>



2020

## Shareholders' equity attributable to the parent company

Item	Shareholders' equity attributable to the parent company												Minority shareholders' equity	Total shareholders' equity	
	Share Capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others			Subtotal
<b>I. Closing balance of last year</b>	169,762,900.00	-	-	-	160,569,046.27	-	-	-	16,435,819.34	-	(312,249,722.09)	-	34,518,043.52	3,075,930.89	37,593,974.41
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Opening balance of the year</b>	169,762,900.00	-	-	-	160,569,046.27	-	-	-	16,435,819.34	-	(312,249,722.09)	-	34,518,043.52	3,075,930.89	37,593,974.41
<b>III. Changes for the year ("v)" for decrease)</b>	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	(34,192,415.93)	-	7,807,584.07	(460,007.02)	7,347,577.05
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	(34,192,415.93)	-	(34,192,415.93)	(346,487.74)	(34,538,903.67)
(II) Capital invested and reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
by shareholders	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	-	-	42,000,000.00	-	42,000,000.00
1. Common shares invested by shareholders	20,000,000.00	-	-	-	22,000,000.00	-	-	-	-	-	-	-	42,000,000.00	-	42,000,000.00
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognised as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	(113,519.28)	(113,519.28)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(113,519.28)	(113,519.28)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Closing balance of the year</b>	<b>189,762,900.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,569,046.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,435,819.34</b>	<b>-</b>	<b>(346,442,138.02)</b>	<b>-</b>	<b>42,325,627.59</b>	<b>2,615,923.87</b>	<b>44,941,551.46</b>

*Note:*

## **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. The Company is located at No. 25 Shuoshi Road, High-tech Industrial Development Zone, Xi'an, legally represented by Xiao Bing. Both registered capital and share capital of the Company are RMB189,762,900.

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

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

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

### ***Basis of preparation***

On the going-concern basis, the financial statements of the Group 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.

### ***Going concern***

As of 31 December 2021, the current liabilities in the Group's consolidated financial statements were higher than the current assets by RMB51,500,621.59. The Company increased capital flow through shareholder financial support, equity financing, debt financing and active expansion on its new antenna business. As of the date of the financial report, the Group had a large number of unfulfilled orders, and the newly developed products of the Company had a broad market prospect, which can guarantee sufficient operating cash flow.

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

### 3. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	2,000.00	2,334,010.60
Of which: Investment in equity instruments	<u>2,000.00</u>	<u>2,334,010.60</u>
<b>Total</b>	<b><u><u>2,000.00</u></u></b>	<b><u><u>2,334,010.60</u></u></b>

### 4. Accounts receivable

#### *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	7,890,117.65	29.25	7,890,117.65	100.00	–
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>–</u>	–	<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>

(Table continued)

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

### ***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>	<b>Opening balance</b>
Within 1 year (including 1 year)	18,494,036.68	2,019,201.80
1-2 years	391,000.00	244,000.00
2-3 years	–	197,408.00
3-4 years	197,408.00	11,000.05
Over 5 years	<u>7,890,117.65</u>	<u>7,890,117.65</u>
<b>Total</b>	<b><u>26,972,562.33</u></b>	<b><u>10,361,727.50</u></b>

## **5. Accounts payable**

### ***Presentation of accounts payable***

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
Trade balance	15,568,840.78	11,358,974.27
Test service payments	<u>770,458.00</u>	<u>–</u>
<b>Total</b>	<b><u>16,339,298.78</u></b>	<b><u>11,358,974.27</u></b>

### ***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	9,104,542.34	3,264,389.13
1-2 years	134,973.03	6,711,502.27
2-3 years	5,991,806.63	273,603.50
Over 3 years	<u>1,107,976.78</u>	<u>1,109,479.37</u>
<b>Total</b>	<b><u>16,339,298.78</u></b>	<b><u>11,358,974.27</u></b>

6. Operating income, operating costs

*Operating income and operating costs*

Items	Amount incurred in the year		Amount incurred in last year	
	Income	Costs	Income	Costs
Main business	37,982,656.33	26,082,333.74	11,611,658.99	9,061,383.86
Other business	<u>1,085,113.52</u>	<u>498,238.70</u>	<u>565,801.99</u>	<u>269,330.25</u>
<b>Total</b>	<b><u>39,067,769.85</u></b>	<b><u>26,580,572.44</u></b>	<b><u>12,177,460.98</u></b>	<b><u>9,330,714.11</u></b>

*Main business income – by product*

Items	Main business income for the year	Main business income for last year
Sales of antenna products and provision of related services	21,727,041.89	2,799,920.35
Sales of agricultural products	16,186,702.93	5,269,793.53
Sales of aircraft products	–	2,048,493.76
Sales of underwater monitoring products and related products	<u>68,911.51</u>	<u>1,493,451.35</u>
<b>Total</b>	<b><u>37,982,656.33</u></b>	<b><u>11,611,658.99</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	84,185.54	61,509.10
Stamp duty	34,251.15	23,459.36
Urban maintenance and construction tax	8,450.61	9,388.45
Water conservancy fund	3,976.19	1,484.27
Education surcharge	3,411.85	6,000.73
<b>Total</b>	<b><u>134,275.34</u></b>	<b><u>101,841.91</u></b>

## 8. Selling expenses

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Payroll	1,552,737.75	162,365.81
Business entertainment expenses	1,054,708.30	181,692.47
Travelling expenses	855,533.09	264,490.21
Technical service fees	695,156.55	–
Rental fees	221,100.00	–
Delivery charges	251,677.43	59,641.56
Promotion and testing charges	298,643.26	115,635.95
Intermediation fee	77,426.41	–
Office fees	72,527.34	25,605.40
Service fees	39,629.00	–
Construction fees	36,000.00	–
Printing fees	34,000.12	–
Equipment depreciation expenses	3,086.86	1,965.66
Advertising expenses	1,300.00	30,704.45
Others	13,812.83	34,325.60
<b>Total</b>	<b><u>5,207,338.94</u></b>	<b><u>876,427.11</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	8,071,739.79	8,035,289.87
Payroll	7,748,751.69	9,536,657.10
Intermediation fee	1,712,121.10	1,568,459.83
Depreciation of right-of-use assets	819,979.58	1,770,724.55
Business entertainment expenses	639,329.10	478,557.86
Office fees	657,629.35	688,501.05
Depreciation expenses	543,791.54	931,849.32
Travelling expenses	526,015.60	583,430.77
Vehicle expenses	567,909.85	647,411.63
Utilities	214,012.61	169,464.17
Amortisation of long-term deferred expenses	157,875.66	2,107,623.11
Property management fee	137,722.01	472,850.74
Expenses of the Board	102,000.00	92,000.00
Communication fee	42,306.86	47,820.23
Transportation charges	34,818.39	58,529.12
Repair fee	2,351.00	–
Disabled security fund	571.44	624.02
Auditor's remunerations	659,008.77	857,615.01
– Audit service fee	624,716.98	763,555.60
– Other service fee	34,291.79	94,059.41
Others	202,611.31	600,746.20
<b>Total</b>	<b><u>22,840,545.65</u></b>	<b><u>28,648,154.58</u></b>

**10. R&D expenses**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Payroll	3,308,947.99	2,408,306.37
Material fee	1,191,500.56	995,144.05
Testing charges	907,653.89	220,597.51
Travelling expenses	339,994.92	338,337.49
Depreciation and amortisation	245,653.07	194,545.84
Office fees	73,793.88	20,607.86
Development service fee	65,000.00	31,220.00
Shipping fee	9,186.37	–
Entertainment expenses	–	78,971.26
Others	3,985.55	–
<b>Total</b>	<b><u>6,145,716.23</u></b>	<b><u>4,287,730.38</u></b>

**11. Financial expenses**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Interest expenses	609,791.20	190,974.34
Less: Interest income	6,448.96	9,499.02
Add: Exchange loss	112,922.65	135,184.30
Less: Exchange gain	582,667.70	54,956.42
Other expenditure	27,486.01	24,771.84
<b>Total</b>	<b><u>161,083.20</u></b>	<b><u>286,475.04</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>
High-tech enterprise cultivation incentive funds	300,000.00	–
Special fund for the construction of the National Independent Innovation Demonstration Zone in South Jiangsu, the high-tech zone reward and subsidy fund	239,000.00	–
High-tech enterprise recognition subsidy	94,500.00	120,000.00
Shaanxi Province Intellectual Property Special Fund	50,000.00	–
Work-for-training subsidy	13,860.00	–
Subsidy for the utilization of waste and manure resources by the Agriculture and Rural Affairs Bureau	12,000.00	–
Income tax handling fee refunded	10,931.13	34,720.35
Changshu High-tech Zone Finance Bureau Patent Award	8,400.00	–
The second batch of patent awards and subsidies in Changshu City	3,000.00	–
Job stabilisation subsidy	2,356.14	401,592.87
VAT handling fee	1,573.14	–
House rental tax rebate	404.29	238.85
High-tech project subsidy	–	60,000.00
Technology plan project subsidy	–	4,500.00
<b>Total</b>	<b><u>736,024.70</u></b>	<b><u>621,052.07</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	<u>269,414.99</u>	<u>955,643.36</u>

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

<b>Source of gain from changes in fair value</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Financial assets measured at fair value through profit or loss	<u>–</u>	<u>114,400.52</u>

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

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Bad debt loss of accounts receivable	(384,802.35)	(169,127.69)
Bad debt loss of other receivables	(285,596.37)	372,745.13
Bad debt loss of advanced payments	–	253,710.68
Bad debt loss of advanced payments for purchase of land and above-ground attachments	<u>–</u>	<u>(5,503,774.84)</u>
<b>Total</b>	<b><u>(670,398.72)</u></b>	<b><u>(5,046,446.72)</u></b>

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

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Inventory depreciation loss and contract performance cost impairment loss	<u>(994,652.68)</u>	<u>–</u>

**17. Non-operating income**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>	<b>Amount charged to non-recurrent profit or loss for the year</b>
Gains from debt restructuring	62,308.69	–	62,308.69
Payables that cannot be paid	–	262,021.60	–
Other income	<u>280.73</u>	<u>3,615.06</u>	<u>280.73</u>
<b>Total</b>	<b><u>62,589.42</u></b>	<b><u>265,636.66</u></b>	<b><u>62,589.42</u></b>

**18. Non-operating expenditure**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>	<b>Amount charged to non-recurrent profit or loss for the year</b>
Loss from damage and scrap of non-current assets	55,452.27	47,631.64	55,452.27
Compensation, liquidated damages and fine expenditure	5,000.00	–	5,000.00
Other expenditure	52.15	35,728.80	52.15
<b>Total</b>	<b>60,504.42</b>	<b>83,360.44</b>	<b>60,504.42</b>

**19. Income tax expenses**

<b>Items</b>	<b>Amount incurred in the year</b>	<b>Amount incurred in last year</b>
Current income tax calculated according to tax law and relevant regulations	14,069.97	11,946.97
– Mainland China corporate income tax	14,069.97	11,946.97
– China Hong Kong profits tax	–	–
<b>Total</b>	<b>14,069.97</b>	<b>11,946.97</b>

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

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

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

Segment assets:

<b>Segment</b>	<b>Closing balance</b>	<b>Opening balance</b>
Sales of antenna products and provision of related services	106,484,119.50	91,620,939.12
Sales of underwater monitoring products and related products	154,018.59	1,148,984.33
Sales of aircraft products	2,850,657.44	6,383,104.33
Sales of construction-related products	–	–
Sales of agricultural products	<u>7,372,383.19</u>	<u>6,000,808.63</u>
<b>Total segment assets</b>	<b>116,861,178.72</b>	<b>105,153,836.41</b>
Unallocated assets	<u>656,706.46</u>	<u>1,069,658.54</u>
<b>Total consolidated assets</b>	<b><u>117,517,885.18</u></b>	<b><u>106,223,494.95</u></b>

Segment liabilities:

<b>Segment</b>	<b>Closing balance</b>	<b>Opening balance</b>
Sales of antenna products and provision of related services	70,060,166.72	43,450,019.58
Sales of underwater monitoring products and related products	123,805.00	640,326.61
Sales of aircraft products	16,152,213.10	9,953,034.95
Sales of construction-related products	–	–
Sales of agricultural products	<u>2,059,026.12</u>	<u>505,772.27</u>
<b>Total segment liabilities</b>	<b>88,395,210.94</b>	<b>54,549,153.41</b>
Unallocated liabilities	<u>6,854,481.41</u>	<u>6,732,790.08</u>
<b>Total consolidated liabilities</b>	<b><u>95,249,692.35</u></b>	<b><u>61,281,943.49</u></b>

Segment income and costs:

	<b>Main business income for the year</b>	<b>Main business costs for the year</b>
<b>Sales of goods</b>		
Sales of antenna products and provision of related services	21,727,041.89	10,175,596.68
Sales of agricultural products	16,186,702.93	15,865,278.07
Sales of underwater monitoring products and related products	68,911.51	41,458.99
Sales of aircraft products	—	—
<b>Total</b>	<b><u>37,982,656.33</u></b>	<b><u>26,082,333.74</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	<u>21,727,041.89</u>	<u>16,186,702.93</u>	—	<u>68,911.51</u>	<u>37,982,656.33</u>
<b>Segment profit (loss)</b>	<b>(7,108,551.35)</b>	<b>159,088.51</b>	<b>(1,421,984.33)</b>	<b>(1,022,551.00)</b>	<b>(9,393,998.17)</b>
Unallocated other gain	—	—	—	—	—
Unallocated corporate expenditure for changes in the fair value of financial assets at fair value through profit and loss	—	—	—	—	—
Financial costs	—	—	—	—	(161,083.20)
Unallocated income	—	—	—	—	2,153,142.63
Unallocated expenses and expenditure	—	—	—	—	<u>(15,257,349.92)</u>
<b>Loss before tax</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>(22,659,288.66)</u></b>

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

Profit for the reporting period	Weighted	EPS (Yuan/share)	
	average return on net assets (%)	Basic EPS	Diluted EPS
Net profit attributable to the ordinary shareholders of the parent company	(73.11)	(0.0119)	(0.0119)
Net profit attributable to the ordinary shareholders of the parent company after deduction of non -recurring gains and losses	<u>(77.14)</u>	<u>(0.0126)</u>	<u>(0.0126)</u>

The calculation method of the numerator of basic EPS: Net profit attributable to the shareholders of the parent company –22,660,963.72.

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 –22,660,963.72.

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) = RMB1,897,629,000.0.

## 22. Dividends

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

## 23. Other Important Matters

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

On 24 June 2021, the Board of the Company passed a resolution to approve the proposed non-public issuance of domestic invested shares (the “Non-public Issuance of Domestic Shares”) of nominal value of RMB0.10 in the share capital of the Company to selected investors under the general mandate given to the Board at the annual general meeting held on 22 June 2021, subject to a maximum of 20% of the total issued Domestic Shares (being 1,251,864,294 Domestic Shares), and the issue price is not less than RMB1.50 per share. The shares of the Company held by the shareholders upon completion of the Non-public Issuance of Domestic Shares shall not exceed 30% of the total issued share capital of the Company. Non-public Issuance of Domestic Shares of the Company has been reported to the CSRC and is subject to the approval of the CSRC. As of 31 December 2021, the Company received a total of RMB25,500,000.00 of intended investment.

***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. 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.

The Company has now filed an enforcement objection with the First Seizing Court, the People's Court of Yanta District, Xi'an City, regarding the seizure of the state-owned land of Xi Gaoxin Chang'an Yuan Guo (2001) Zi No. 007 purchased by Haitian Antenna. The case is currently being processed. According to the law, after the enforcement agency has issued a decision on an enforcement objection, any party who is not satisfied with the decision on an enforcement objection has the right to file an enforcement objection.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### **Total Operating Income**

Total operating income recorded for the year ended 31 December 2021 was approximately RMB39.07 million, representing a significant increase of approximately 221% from approximately RMB12.18 million for the year of 2020.

Although the overall economy was still affected by COVID-19 in 2021 so that certain business activities such as product exhibitions and marketing events were postponed or cancelled, the Group adopted a series of business plans to minimise the impact on operations with an effective cost control arrangement. The significant increase in total operating income was mainly attributable to successful development of artificial dielectric lens antenna products (the “Dielectric Lens Antennas”) under the operating segment of sales of antenna products and provision of related services.

Details of operations of 4 reportable and operating segments of the Group, namely, sales of antenna products and provision of related services, sales of agricultural products, sales of underwater monitoring and related products, and sales of aircraft products, are as follows:

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

The Group introduced the Dielectric Lens Antennas into the mobile communication market since 2019 and successfully obtained 6 invention patents and 17 utility patents by the end of 2020. With the characteristics of low energy consumption, large capacity, small size, and lower construction and maintenance costs, together with a series of network field tests in different provinces across the country demonstrating the unique performance in past years, the Dielectric Lens Antennas have been recognised and praised by major communication network operators, and mobile communication suppliers of system integration and system equipment.

Although procurement activities for the Dielectric Lens Antennas of major communication network operators, and mobile communication suppliers of system integration and system equipment were delayed or postponed due to the influence of COVID-19 during the year, the Group still actively participated in various technology exchanges and business communications through continuous conducting network field tests and product demonstration in different scenarios in order to further develop the mobile communication market and diversify the application of the Dielectric Lens Antennas to different industries. Based on customer feedback on and understandings of market needs of the Dielectric Lens Antennas, the Group improved product performance, enriched product categories and broadened customer base.



To cope with development of the Dielectric Lens Antennas, sales force and production capacity of the operating segment of sales of antenna products and provision of related services were expanded by available resources of other operating segments. Accordingly, the operating income from the operating segment of sales of antenna products and provision of related services increased from approximately RMB2.80 million for last year to approximately RMB21.73 million for the year, representing a significant increase of approximately 676%. The sales of the Dielectric Lens Antennas accounted for approximately 57% of the main business operating income of the Group and the total unit of the Dielectric Lens Antennas sold during the year was amounted to approximately 4.5 thousand units.

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

The operating segment of sales of agricultural products, mainly for live chicken, chicken meat and related non-staple foods, was established since 2016 in order to actively respond to the national policy on poverty alleviation and fulfil social responsibilities of the Group. In addition to establishing social image of the Group, through well-established market channels and cooperation with other market stakeholders, the sales of agricultural products gradually became stable income to the Group. Although the prices of agricultural products were very sensitive to the market environment including weather, holidays and COVID-19, a prudent planning with careful market prediction was adopted by the Group during the year to minimise operating risks.

The operating income from the operating segment of sales of agricultural products increased from approximately RMB5.27 million for last year to approximately RMB16.19 million for the year, representing an increase of approximately 207%. The sales of agricultural products accounted for approximately 42% 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 586 tons and 363 tons respectively.

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

With the widespread use of 5G technologies, the requirements of markets and customers for communication technologies of underwater monitoring products and aircraft products began to change and were constantly updated. The Group concentrated resources on monitoring their market development and improving technology requirement of the relevant products, and continuously maintained communication with their industries. Other 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.

Except for technology research, development and improvement, both operating segments still provided after-sales technical support and services to existing customers during the year. Therefore, less than 1% of the main business operating income of the Group was generated from the operating segment of sales of underwater monitoring and related products, and the operating segment of sales of aircraft products had no income.

### ***Other business***

Other business operating income included approximately RMB0.23 million of rental income generated from office premises occupied by the Group and approximately RMB0.86 million of sales of raw materials during the year.

### **Gross Profit**

Gross profit of approximately RMB12.49 million was recorded for the year with gross profit margin of approximately 31.96%, representing an increase of 8.58% as when comparing to gross profit margin of approximately 23.38% of 2020. The improvement in gross profit margin reflected the benefits from economies of scale in production of the Dielectric Lens Antennas.

### **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 RMB0.88 million for last year to approximately RMB5.21 million for the year, representing a significant increase of approximately 494%, which was mainly attributable to an increase in payroll after sales force expansion by approximately RMB1.39 million, an increase in expenses for procurement activities by approximately RMB1.65 million, an increase in technical service fees by approximately RMB0.70 million, and an increase in delivery charges by approximately RMB0.19 million.

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 RMB6.15 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.

After careful assessment on the credit status of receivables with proper procedures for collection, impairment losses of approximately RMB0.64 million and approximately RMB0.29 million were provided for long outstanding accounts receivable and other receivables respectively. On the contrary, approximately RMB0.26 million was received from impaired debts during the year.

In respect of inventories of the operating segments of sales of underwater monitoring and related products, and sales of aircraft products, an impairment loss of approximately RMB0.99 million was provided for idle raw materials and finished goods due to advancement of communication technologies.

Segment profit of approximately RMB0.16 million was reported for the operating segment of sales of agricultural products. Segment losses of approximately RMB1.02 million and approximately RMB1.42 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 RMB7.11 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 RMB28.65 million for last year to approximately RMB22.84 million for the year, representing a decrease of approximately 20%, through an effective cost control on the overall administrative expenses. The relevant expenses in respect of rented office decreased by approximately of RMB3.24 million as a result of deployment of resources within the Group.

Total staff costs of the Group increased from approximately RMB13.11 million for last year to approximately RMB15.00 million for the year as the additional sales force was required for market development of the Dielectric Lens Antennas.

Financial expenses for the year were approximately RMB0.16 million, representing approximately 56% of that for last year. Approximately RMB0.57 million was accounted for exchange gain from depreciation of Hong Kong dollars and approximately RMB0.61 million was attributable to interest expenses for short-term borrowings. In order to meet the working capital requirement for enlarged production scale of the Dielectric Lens Antennas, the procedures for issuance of new shares were initiated but were not finalised during the year. Therefore, approximately RMB8.50 million short-term bank borrowings were raised to finance the operations by the end of 2021.

Approximately RMB0.73 million was received from government authorities as grants, subsidies and rewards for product development and business operations.

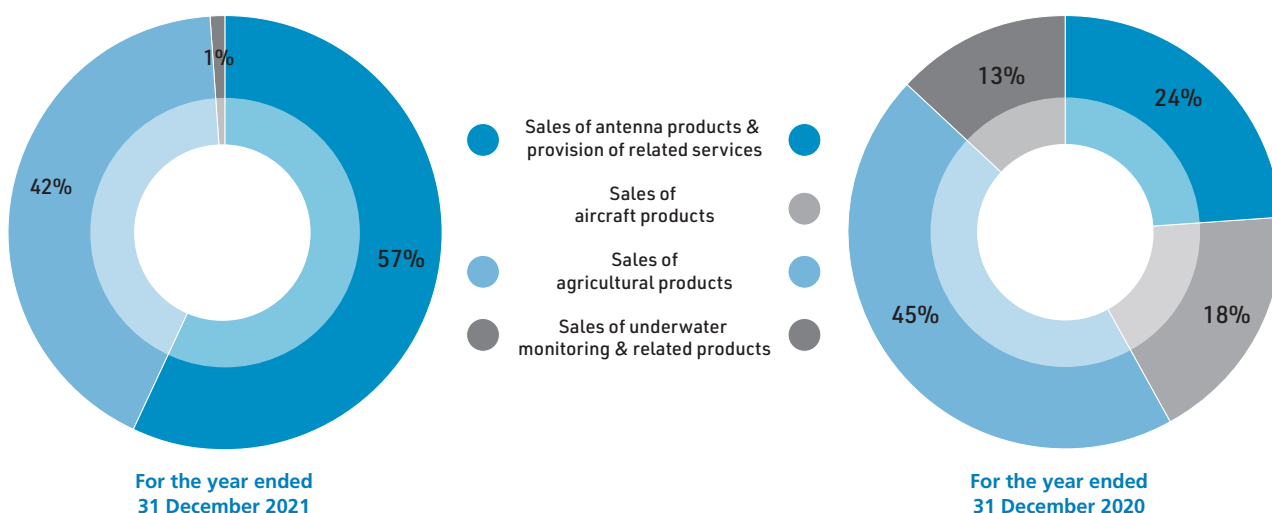
Approximately RMB0.27 million was recorded as investment gain from disposal of financial assets measured at fair value through profit or loss. Details of financial assets measured at fair value through profit or loss are disclosed in the paragraph of “Significant Investment Held”.

## Net Loss

As the total operating income increased by approximately RMB26.89 million and the total operating costs increased by approximately RMB17.25 million during the year, the net loss decreased from approximately RMB34.54 million for last year to approximately RMB22.67 million for the year. The improvement was mainly attributable to higher gross profit margin from economies of scale in the production of the Dielectric Lens Antennas.

Net loss attributable to owners of the parent company was approximately RMB22.66 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 2021, together with the comparative figures for the year ended 31 December 2020, are as follows:



## PROSPECTS

In 2022, the Group will continue to accelerate market development leveraging its advantages in the communication business. Facing the currently complicated and ever-changing market environment, the Group will insist on independent innovation, raising the standards of new products and technology, focusing on product research and development and upgrade, and enhance its corporate competitiveness. Meanwhile, the Group will further develop the market and maintain the channels to expand the Group's customer base and improve the Group's performance.

In the future, the Group will continue to be market-oriented and, with "lens" as its focus of application and development, further enhance research and development, consistently improve users' satisfaction, and increase product competitiveness. While keeping its core competitive advantages, the Group will extensively collect the needs of the market and customers, more proactively participate in activities such as bidding, centralised procurement and provincial procurement in respect of lens antenna projects of mobile communication operators. At the same time, the Group will further expand and enhance its exchanges and cooperation with non-operator customers such as relevant mobile communication suppliers of system integration and system equipment to comprehensively increase the Group's core competitiveness in the mobile communication business.

In March 2021, Yang Xiaowei, Deputy Director of the Cyberspace Administration of China (國家互聯網信息辦), said at a press conference that the "14th Five-Year" National Informatisation Plan (《“十四五”國家信息化規劃》) was being developed, the optimisation and upgrade of information infrastructure and large-scale deployment of 5G networks were being accelerated, and 6G network technology reserve was being laid out prospectively. With the further large-scale rollout of 5G new infrastructure in the PRC, the 5G business has been gradually extending and expanding to different vertical industries, and all 5G+ industries had seen comprehensive fusion application. Therefore, the Group will follow the direction of national policies, increasing its efforts in research and development, to fully utilise new artificial dielectric lens antenna's advantages of high gain, small inter-beam interference, ultra-long-distance coverage, large capacity, environmentally friendliness, cost reduction and efficiency enhancement. The Group will further explore the market and applications of lens material in different industries and scenarios such as smart Internet of Things, Internet of Vehicles, remote sensing and satellite communication, and carry out in-depth research and development in various communication derivatives such as lens small base stations and lens Wi-Fi in order to realise industrial extension and upgrade of the Group's main business development areas, and create a diversified communication product cluster with core industrial competitiveness.

Adhering to the principles of communication-based and diversified development, the Group will continue to strengthen the development of its agricultural products and by-products business, expand sales and improve the performance of the agricultural products and by-products business. Meanwhile, the Group will also steadily carry out the businesses of underwater monitoring and other segments to raise the Group overall efficiency.

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 2021, the Group had the short-term borrowings of approximately RMB8.50 million which were repayable within one year, and the lease liabilities of approximately RMB7.60 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. The Directors consider that exposure to interest rate risk and foreign exchange risk was minimal.

As at 31 December 2021, the gearing ratio of the Group was approximately 81.87% (2020: 28.50%), which is calculated based on the sum of total interest-bearing borrowings and lease liabilities over the total shareholders' equity attributable to the parent company.

Cash and cash equivalents increased approximately from RMB2.07 million to RMB4.19 million. As at 31 December 2021, bank deposits of approximately RMB0.18 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. The Directors consider that exposure to foreign exchange risk was minimal.

## **SIGNIFICANT INVESTMENT HELD**

Except for interests in subsidiaries and financial assets measured at fair value through profit or loss, the Group did not hold any significant investment for the year ended 31 December 2021.

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

As at 1 January 2021, an aggregate of 880,004 ordinary shares of nominal value of RMB1 each in the issued share capital (“Cloud Live Shares”) of Cloud Live Technology Group Co., Ltd.\* (中科雲網科技集團股份有限公司)(“Cloud Live”) were held by the Group, representing approximately 0.10% of the total issued share capital of Cloud Live, and the fair value of 880,004 Cloud Live Shares was approximately RMB2.33 million, representing approximately 2.20% of total assets of the Group.

Cloud Live is a joint stock limited company established in the PRC and its shares are listed on the Shenzhen Stock Exchange (002306.SZ). Cloud Live is principally engaged in group catering business in Beijing, Zhengzhou and Wuxi. Mr. Chen Ji, an executive Director, is the directors of Cloud Live, and Mr. Chen Ji and his associates directly and indirectly held approximately 22.68% of the total issued share capital of Cloud Live without controlling interest.

In order to cope with the Company’s strategy in the capital market development and revitalisation of existing assets and considering the financial performance of Cloud Live, all of 880,004 Cloud Live Shares was sold at approximately RMB2.60 million during the year. After accounting for the original acquisition costs and unrealised loss of fair value changes, an investment gain of approximately RMB0.27 million was reported. The sales proceeds were used for operation purposes in order to minimise financial expenses from interest-bearing borrowings for the year.

## **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 2021.



## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2021, the Group had 125 (2020: 92) full-time employees. Total staff costs for the year of 2021 amounted to approximately RMB15.00 million (2020: RMB13.11 million), including remuneration of the Directors and members of the supervisory committee (the “Supervisors”). All employees of the Group are eligible to participate in the defined contribution retirement schemes required by the law. The Group reviews employee remuneration from time to time and the increments in remuneration are normally granted annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides employee benefits including medical insurance. Bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group has not granted any share options to the Directors and its employees. A comprehensive career development programme is launched for all employees which provides diversified part-time training opportunities in accordance with the needs of their positions and specialities.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2021, except for bank deposits of approximately RMB0.18 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 2021, 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 2021, the Group did not have any material contingent liabilities.

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

During the year ended 31 December 2021, 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 contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 December 2021.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules in April 2003. The Audit Committee is currently chaired by, an independent non-executive Director, Professor Shi Ping and the other members are Mr. Liu Lidong and Mr. Xu Xiong, with the majority being independent non-executive Directors. The terms of reference of the Audit Committee is published on the Company's website

During the financial year ended 2021, 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 2021.

## **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 2021.

## **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 2021 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 contacts, 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 2021 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, 24 March 2022

*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 purpose only