西安海天天線科技股份有限公司
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)

* for identification purposes only

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This report, 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 report 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 report misleading.*

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Xiao Bing (chairman)
Mr. Chen Ji (vice-chairman)

Non-Executive Directors
Mr. Li Wenqi
Mr. Sun Yikuan
Mr. Zuo Hong
Mr. Chen Ren

Independent Non-Executive Directors
Mr. Liu Lidong
Ms. Wang Qian (appointed on 28 June 2025)
Mr. Zhang Yi (appointed on 28 June 2025)
Professor Shi Ping (retired on 27 June 2025)
Mr. Tu Jijun (retired on 27 June 2025)

MEMBERS OF AUDIT COMMITTEE
Ms. Wang Qian (Chairlady) (appointed on 28 June 2025)
Mr. Liu Lidong
Mr. Zuo Hong
Professor Shi Ping (Chairman)
(retired on 27 June 2025)

MEMBERS OF NOMINATION COMMITTEE
Mr. Zhang Yi (Chairman) (appointed on 28 June 2025)
Mr. Zuo Hong
Ms. Wang Qian (appointed on 28 June 2025)
Mr. Tu Jijun (Chairman) (retired on 27 June 2025)
Professor Shi Ping (retired on 27 June 2025)

MEMBERS OF REMUNERATION COMMITTEE
Mr. Zhang Yi (Chairman) (appointed on 28 June 2025)
Mr. Li Wenqi
Ms. Wang Qian (appointed on 28 June 2025)
Mr. Tu Jijun (Chairman) (retired on 27 June 2025)
Professor Shi Ping (retired on 27 June 2025)

COMPANY SECRETARY
Mr. Lee Kun Yin

AUTHORISED REPRESENTATIVES
Mr. Xiao Bing
Mr. Lee Kun Yin

AUTHORISED PERSON TO ACCEPT SERVICE OF PROCESS AND NOTICE
Mr. Lee Kun Yin

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Changshu Rural Commercial Bank
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Xi'an, Shaanxi Province, The PRC

Bank Communication
Chuang Ye Plaza
No. 48 Ke Ji Lu
Gaoxin District
Xi'an, Shaanxi Province, The PRC

Dear shareholders,

I am pleased to present the annual report of Xi'an Haitian Antenna Technologies Co., Ltd.* together with its subsidiaries (the "Group") for the year ended 31 December 2025 on behalf of the board of Directors (the "Board").

In 2025, one of the Group's key priorities was to solidify its product foundation. Looking back on the past year, leveraging its metamaterial lens antennas technology, the Group continuously improved and upgraded its products, striving to achieve significant innovation in both product categories and application scenarios. The Group developed new products, broke through the business barriers of the mobile communication products, established a mobile communication business chain, and comprehensively enhanced its mobile communication business revenue. To this end, the Group made persistent efforts during the year of 2025, achieving a series of notable outcomes. Firstly, to expand the application scope of lens products, the Group extended its lens antenna technology to systems and areas such as Wi-Fi devices, elevator coverage and building coverage. Meanwhile, the Group developed a built-in lens antenna module product for Wi-Fi systems, which features modular configuration and simple assembly, caters to various product exterior designs, and can be widely used as built-in antenna routers for Wi-Fi 6 and Wi-Fi 7. Furthermore, the Group successfully developed a new product, the Wi-Fi Companion, which significantly enhances signal penetration and coverage, achieving strong and high-speed signal coverage, thereby eliminating the issue of "signal degradation behind walls".

At the same time, in order to effectively improve the Group's performance, in 2025, while maintaining its market share in the existing mobile communication base station antenna, the Group actively participated in the construction of "broadband frontier" with an aim of expanding sales. According to the "notice on accelerating the construction of the broadband frontier" jointly issued by 13 departments, including the Ministry of Industry and Information Technology, multiple operators in 18 provinces involving land and sea borders are required to accelerate the implementation of "broadband frontier" network coverage. In response to the notice issued by the Ministry of Industry and Information Technology on accelerating the construction of the border region and to enhance network supply capabilities in these areas, the Group fully leveraged the supporting and enabling role of communication network infrastructure, planning to develop a communication front-end system capable of autonomous environment sensing and intelligent optimisation in multiple scenarios, ultimately achieving hardware deployment. The Group created a smart communication system with "sharp vision", "agile thinking" and "deft action". As infrastructure for smart security and digital governance, this project serves not only as a bridge connecting residents with the outside world but also holds significant importance for social stability and development. Meanwhile, the implementation of this project can further expand the Company's sales revenue and improve the Group's performance.

On behalf of the Board, I would like to express heartfelt gratitude to all customers, business partners and staff who are closely-related to the Group, and express my sincere thanks to our shareholders for their strong enduring support since our listing. To show our appreciation to all of you for your confidence and loyalty, the Group will be dedicated to reaping prominent returns for our investors.

Xiao Bing
Chairman
Xi'an, the PRC
31 March 2026

BUSINESS REVIEW

Total Operating Income

Total operating income recorded for the year ended 31 December 2025 was approximately RMB27.58 million, representing approximately 126% of the total operating income for the same period of 2024.

In 2025, the overall development trend of the communication industry has been improving. 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 metamaterial 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. The Group's operating performance in 2025 achieved significant improvement compared to the previous year.

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 increased from approximately RMB14.31 million for the same period of 2024 to approximately RMB22.35 million for the year, representing approximately 82% of the main business income of the Group.

Sales of agricultural products

The operating income from the operating segment of sales of agricultural products decreased from approximately RMB6.88 million for last year to approximately RMB4.75 million for the year. The sales of agricultural products accounted for approximately 18% of the main business operating income of the Group. During the year, the Company has not resumed the operation of live chicken farming, 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 amounted to RMB470,000, rental income from office properties occupied by the Group of approximately RMB210,000 during the year, and service and other income of approximately RMB260,000.

Gross Profit

Gross profit of approximately RMB8.67 million was recorded for the year with gross profit margin of approximately 31%, representing a decrease of 3% as when comparing to gross profit margin of approximately 34% of 2024. The decrease in gross profit margin was driven by a reduction in sale prices 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 decreased from approximately RMB3.26 million for last year to approximately RMB2.77 million for the year. During the year, the Company's products have been approved by mobile communication operators, resulting in a decrease in sales related travel fees and technical service fees, which were approximately RMB160,000 and RMB50,000, respectively.

Amortisation of approximately RMB4.64 million was recognised for the patents of the metamaterial 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 RMB1.35 million for the metamaterial 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 RMB660,000 was recognised as impairment loss during the year. Details of the basis of assessment are disclosed in the Note XVI.1.

Segment loss of approximately RMB190,000 was reported for the operating segment of sales of agricultural products. Segment profit of approximately RMB10,000 were reported for the operating segments of sales of aircraft products. Segment loss of approximately RMB2.95 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.

Other Expenses, Expenditure, Gain and Income

By implementing effective cost control over overall administrative expenses, administrative expenses decreased from approximately RMB12.16 million for last year to approximately RMB9.77 million for the year, representing a decrease of approximately 20%.

During the year, the Company strengthened internal management, optimized personnel allocation, and improved efficiency, resulting in a reduction of approximately RMB620,000 in employee compensation and related office fee expenses. The amortization of intangible assets decreased by RMB750,000 due to the impairment provision made in the previous year.

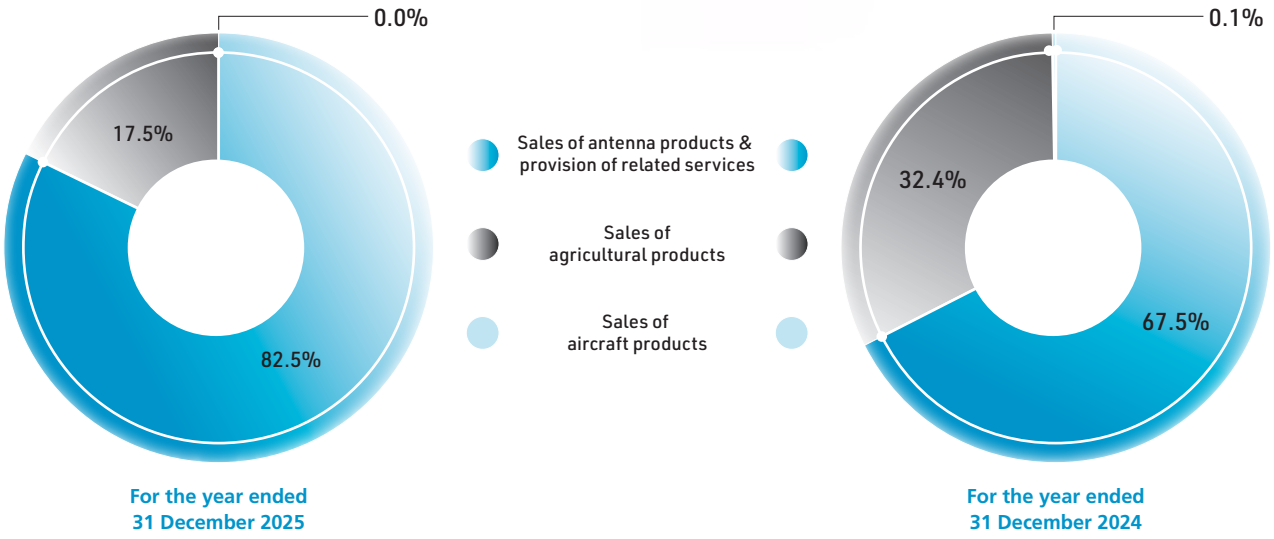
Financial expenses for the year decreased from approximately RMB630,000 for last year to approximately RMB530,000 for the year. Approximately RMB560,000 were interest expenses for short-term borrowings and amortization interest expense on right-of-use assets. In 2025, short-term bank borrowings of RMB3.51 million were raised to finance the operations.

Net Loss

The net loss of the Group for the year amounted to approximately RMB8.87 million, representing a decrease of approximately 44% from the net loss of approximately RMB15.76 million for 2024.

Net loss attributable to owners of the parent company was approximately RMB8.71 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 2025, together with the comparative figures for the year ended 31 December 2024, are as follows:



For the year ended 31 December 2025

For the year ended 31 December 2024

PROSPECTS

In 2026, the Group will continue to develop and improve its metamaterial lens antenna series products based on the needs of operators and market feedback, and will continue to explore the application of metamaterial lens technology in other fields, particularly in Wi-Fi devices. Meanwhile, the Group will further broaden the application scenarios of lens technology to create higher value for the Company and enhance the Group's results.

Firstly, regarding the business of mobile communication base station antenna series products, the Group will continue to follow up on the bidding projects of operators. While fully ensuring the existing market share, it will further strengthen communication with operators and strive to expand the Company's revenue in the communication base station antenna segment. Meanwhile, the Group will also proactively seek project cooperation through policy guidance and actively participate in the construction of the "broadband frontier" project. Communication networks in frontier regions not only serve as a bridge for residents to communicate with the outside world, but also act as infrastructure for smart security and digital governance, which can effectively drive economic development and are of great significance to national stability and development. Through the implementation of this project, the Group can effectively broaden its business and further expand the Company's sales revenue. Furthermore, the series of products that empower Wi-Fi routers with metamaterial lens antennas will also be one of the Group's key development businesses in 2026.

In 2026, the Group will comprehensively integrate resources, deeply cultivate metamaterial lens core technology and product innovation, and actively expand the profound application of metamaterial lens technology in key areas such as mobile communications, AI computing power, and satellite communications. On one hand, the Company will continue to enrich the metamaterial product system, strive to forge core competitiveness, and empower high-quality development with the "Tech+" strategy, seizing opportunities and innovating for the long term amidst the accelerating wave of digitalization and intelligence. While improving its performance, the Group will actively fulfil corporate responsibilities and contribute technological strength to the high-quality development of the local economy and society.

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.

TOP FIVE SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, sales to the top five customers and the largest customer accounted for approximately 86.53% (2024: 68.85%) and 64.25% (2024: 29.60%) respectively of the Group's main business income.

For the year ended 31 December 2025, purchases from the top five suppliers and the largest supplier accounted for approximately 44.39% (2024: 44%) and 28.85% (2024: 12%) respectively of the Group's total purchases.

During the year ended 31 December 2025, each of the top five customers and the top five suppliers is independent of and not connected with any of the Directors, chief executives or any shareholders of the Company which, to the best knowledge of the Directors, own more than 5% of the Shares of the Company, or any of their respective associates.

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 2025, the Group had the short-term borrowings of approximately RMB3.51 million which were repayable within one year, and the lease liabilities of approximately RMB290,000 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 X.1 to the financial statements, the Directors consider that exposure to interest rate risk and foreign exchange risk was minimal.

As at 31 December 2025, the gearing ratio of the Group was approximately -6.54% (2024: -27.21%), 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 V.23 to the financial statements.

Cash and cash equivalents decreased from approximately RMB3.13 million to RMB1.34 million. As at 31 December 2025, bank deposits of approximately RMB70,000 were regarded as margin account and restricted 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 X.1 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 2025.

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 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 34 (2024: 39) full-time employees. Total staff costs for the year of 2025 amounted to approximately RMB4.09 million (2024: RMB4.61 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 XII.5 to the financial statements.

CHARGES ON GROUP ASSETS

As at 31 December 2025, except for bank deposits of approximately RMB70,000 regarded as margin account and restricted account funds, no other assets of the Group were pledged for its operations and liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2025, 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 2025, except for those disclosed in note XIV to the financial statements, the Group did not have any material contingent liabilities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate transparency and accountability. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

Corporate Governance Report

The board of directors (the "Directors") of Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company") (the "Board") is pleased to present this corporate governance report for the year ended 31 December 2025 in accordance with Rule 18.44(2) of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CORPORATE GOVERNANCE PRACTICES

The Company is committed to uphold high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company.

The purposes of the Company are to promote success of the Group by visionary and effective leadership by the Board and upholding high standards of corporate governance to create and enhance long-term return for shareholders as well as stakeholders while undertaking corporate social responsibility with green sustainability. The Company recognises the importance of corporate transparency and accountability. The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

During the year ended 31 December 2025 and up to the date of this annual report, the Company has adopted and complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Appendix C1 of the GEM Listing Rules. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with any new Corporate Governance Code and align with the latest developments.

BOARD OF DIRECTORS

Composition and function

The composition of the Board reflects the necessary balance of skills, knowledge and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the Code, the Board has adopted a board diversity policy (the "Board Diversity Policy"). The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience, diversity of perspectives and time commitment appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. Every newly appointed Board member has received a comprehensive, formal and tailored induction on appointment.

All Directors have given sufficient time and attention to the affairs of the Company. Members of the Board comprise experts from diverse business and professional backgrounds who have served relevant PRC government organisations, listed companies, multinational or other organisations. All members of the Board have many years of experience in investment, business operation, financial management and corporate administration. The current composition of the Board is considered to be a reasonable balance between executive and non-executive Directors, and be able to provide adequate checks for safeguarding the interests of shareholders of the Company.

As at 31 December 2025, the Board comprised nine Directors including Mr. Xiao Bing (chairman) and Mr. Chen Ji (vice-chairman) as executive Directors, Mr. Li Wenqi, Mr. Sun Yikuan, Mr. Zuo Hong and Mr. Chen Ren as non-executive Directors, and Ms. Wang Qian, Mr. Zhang Yi and Mr. Liu Lidong as independent non-executive directors. Biographies of the Directors are set out in the paragraph headed "Directors and Senior Management" of this annual report. In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing at least one-third of the board and at least one of whom has appropriate professional qualifications, accounting or related financial management expertise.

The Board members have no financial, business, family or other material and/or relevant relationships with each other.

All non-executive Directors are engaged by a service contract for a fixed term for not more than 3 years. All Directors appointed to fill a casual vacancy are subject to re-election by shareholders of the Company at the first annual general meeting following their appointment and all Directors are subject to re-appointment or re-election at least once every three years. Composition of the Board, by category of Directors, including names of the Chairman, executive Directors, independent non-executive Directors and non-executive Directors, has been disclosed in all corporate communications.

Pursuant to code provision E.1.9 of the CG Code, the Company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence. The independent non-executive Directors were not granted any equity-based remuneration up to the date of this annual report.

The Board is responsible for overseeing the preparation of accounts of each financial period, which shall give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. It is also responsible for formulating the Group's long-term strategy and supervising the management to ensure thorough implementation of the Group's policies and effective performance of their duties. Also, the Board is responsible for performing the corporate governance duties set out in the Code which included developing and reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing the Company's compliance with the code provision in the Code and disclosures in this report. During the financial year ended 31 December 2025, the Board has performed the corporate governance duties set out in the Code.

Delegation by the Board

The management, consisting of executive Directors along with other senior management, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time and conducting the day-to-day operations of the Group. Executive Directors and senior management meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where the management should report back and obtain prior approval before implementation, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The separate roles of chairman and chief executive officer

Code Provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2025 and up to the date of this report, Mr. Xiao Bing is the chairman of the Company while the position of chief executive officer of the Company has remained vacant. The day-to-day management of the Group's business was handled by the executive Directors of the Company collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's present business operations. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Independent non-executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgement to the Board meeting and scrutinising the Company's performance. Their views carry significant weight in the Board's decisions; in particular, they bring an impartial view to issues relating to the Company's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Company's business strategy, results and management to ensure that all interests of Shareholders are taken into account, and the interests of the Company and its Shareholders are protected. The Board has three independent non-executive Directors in compliance with Rule 5.05(1) of the GEM Listing Rules, which requires that every board of directors of a listed issuer must include at least three independent non-executive Directors, the number of which must represent at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise. The views of the independent non-executive Directors carry weight in the Board's decisions, and their participation helps the Board exercise judgement, make decisions and act objectively in the interests of the Company and its shareholders as a whole.

Board meetings and attendance

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals and additional meetings are held as and when required. Between scheduled meetings, the Directors are provided with information on the activities and development in the businesses of the Group in a timely manner to keep them abreast of the Group's latest developments. For all the board meetings, reasonable notice is generally given. Agenda and meeting materials for each meeting are normally circulated to all Directors at least 2 days before each Board meeting in order to allow the Directors to include any other matters in the agenda that are required for discussion and resolution in the meeting. During the financial year ended 31 December 2025, the Board held 4 meetings.

During regular meetings of the board, either in person or by means of electronic communication, the Directors discuss and formulate the overall strategies of the Group, monitor financial performances and discuss the annual, interim and quarterly results, as well as discuss and decide on other significant matters. The Chairman also held meetings with the independent non-executive Directors without the presence of other Directors. The independent non-executive Directors are encouraged to provide their independent views to the Board.

The Company Secretary is responsible to the board for providing with board papers and related materials, for ensuring that all board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and the board on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

Details of Directors' attendance records in 2025 are as follow:

	Number of board meeting attended/Total	Number of general meeting attended/Total
Executive Directors		
Mr. Xiao Bing	4/4	1/1
Mr. Chen Ji	4/4	1/1
Non-Executive Directors		
Mr. Li Wenqi	4/4	1/1
Mr. Sun Yikuan	4/4	1/1
Mr. Zuo Hong	4/4	1/1
Mr. Chen Ren	4/4	1/1
Independent Non-Executive Directors		
Mr. Liu Lidong	4/4	1/1
Ms. Wang Qian (appointed on 28 June 2025)	1/1	N/A
Mr. Zhang Yi (appointed on 28 June 2025)	1/1	N/A
Mr. Tu Jijun (retired on 27 June 2025)	3/3	1/1
Professor Shi Ping (retired on 27 June 2025)	3/3	1/1

Continuous professional development

The Directors have been informed of the requirement under code provision C.1.4 of part 2 of the CG Code regarding continuous professional development. All Directors are required to participate in continuous professional development to develop and refresh their knowledge and skills. Each newly appointed Director is given formal, comprehensive and customised induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations. The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. Up to the date of this annual report, all Directors have confirmed to the Company that they have participated in continuous professional development by self-study and/or attending seminars, conferences and webcast, reading material, newspapers and journals on topics related to corporate governance and regulations, the economy, the company's business or directors' duties and responsibilities.

A summary of training received by the Directors during the financial year ended 2025 according to the records provided by the Directors is as follows:

	Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Mr. Xiao Bing	✓
Mr. Chen Ji	✓
Non-Executive Directors	
Mr. Li Wenqi	✓
Mr. Sun Yikuan	✓
Mr. Zuo Hong	✓
Mr. Chen Ren	✓
Independent Non-Executive Directors	
Mr. Liu Lidong	✓
Ms. Wang Qian (appointed on 28 June 2025)	✓
Mr. Zhang Yi (appointed on 28 June 2025)	✓
Professor Shi Ping (retired on 27 June 2025)	✓
Mr. Tu Jijun (retired on 27 June 2025)	✓

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 5.46 to 5.68 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 from the year under review to the date of this annual report. In addition, the Company is not aware of any non-compliance of code of conduct regarding securities transactions by the employees of the Company who are likely to be in possession of inside information of the Company during the Reporting Period.

Directors' and Officers' Insurance

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors' and officers of the Company from their risk exposure arising from the business of the Company and, as at the date of this report, the Directors and officers of the Company are indemnified under a Directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Board Diversity

The Board believes that gender diversity is a manifestation of board diversity, among all other measurable objectives. During the year ended 31 December 2025, the Board comprises one female director and eight male directors, which is in compliance with Rule 17.104 of the GEM Listing Rules. The Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

The Group recognises the importance of diversity and has a diverse workforce in terms of gender, providing a variety of ideas and levels of competency that contribute to the Group's success. In the hiring process, the Company takes into account a number of measurable factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional specialisation, experience, skills, knowledge and other qualifications. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates. As at 31 December 2025, the gender ratio of the Group's workforce is 71% male and 29% female. The higher male proportion at our workforce is mainly due to the work nature of our business. The Board is satisfied that the Company has achieved gender diversity in its workforce in view of the nature of the business of the Group.

The Nomination Committee and the Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness from time to time. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Currently the Board is comprised of male and female representation with different skills and expertise and achieved a diversified Board. This fulfilled stakeholders' expectation and international and local recommended best practices. Due to the unique business nature of the Company, the Board is of the view that it is not necessary to set numerical targets and timeline for further enhancing gender balance on its Board for the time being. The Nomination Committee will continue to look for potential candidates and to develop a pipeline of potential successors to the Board and will seek assistance from professional search firms if necessary.

The Group is determined to maintain gender diversity and equality in terms of the whole workforce and requests the senior management team to improve gender equality in terms of the gender ratio within a medium-term time frame. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three committees, namely the Remuneration Committee, the Nomination Committee and the Audit Committee, in order to maintain high standard of corporate governance of the Company.

Overall, the Board considers the recruitment strategy adopted by the Group is effective and adequate. In determining the independence of Directors, the Board follows the requirements as set out in the GEM Listing Rules.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in December 2005 with written terms of reference in compliance with Rule 5.34 to 5.36 of the GEM Listing Rules and paragraph E.1 of the CG Code. Please refer to the announcement of the Company dated 1 February 2023 for an updated version of terms of reference of the Remuneration Committee. As at the date of this annual report, the Remuneration Committee consists of three members, majority of which being independent non-executive Directors. Currently, the Chairman of the committee is Mr. Zhang Yi, an independent non-executive Director, and other members include Ms. Wang Qian and Mr. Li Wenqi.

The Remuneration Committee has adopted the model as described in the Code Provision E.1.2 and is responsible, among others, to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee has the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management. Remuneration including benefits in kind, pension rights and compensation payments, basic salary and performance bonus of the executive Directors and senior management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance, profitability, goals and objectives, as well as industry practice. The committee also discusses with the chairman about the remuneration proposals for other executive Directors and ensures that no Director is involved in deciding his or her own remuneration.

The specific terms of reference of the Remuneration Committee is posted on the Company's website.

The Remuneration Committee held 2 meetings in 2025 and was attended by committee members. The individual attendance record of each member is as follows:

	Number of meeting attended/Total
Non-Executive Director	
Mr. Li Wenqi	2/2
Independent Non-Executive Directors	
Mr. Zhang Yi (Chairman) (appointed on 28 June 2025)	N/A
Ms. Wang Qian (appointed on 28 June 2025)	N/A
Mr. Tu Jijun (Chairman) (retired on 27 June 2025)	2/2
Professor Shi Ping (retired on 27 June 2025)	2/2

During the financial year ended 2025, the Remuneration Committee has, amongst other things, review the remuneration packages and assess performance of the executive Directors and senior management of the Company with reference to the Group's operating results, their duties and level of responsibility and the prevailing market conditions.

NOMINATION COMMITTEE

The Company established a Nomination Committee in December 2005 with written terms of reference in compliance with paragraph 5.36A of the GEM Listing Rule and B.3 of the CG Code. As at the date of this annual report, the Nomination Committee consists of three members, majority of which being independent non-executive Directors. Currently, the chairman of the committee is Mr. Zhang Yi, an independent non-executive Director, and other members include Ms. Wang Qian and Mr. Zuo Hong.

The Nomination Committee is responsible for formulating nomination policy, reviewing the structure, size and composition of the Board on a regular basis, implementing the Board Diversity Policy, assessing independence of independent non-executive Directors, identifying individuals suitably qualified to become Board members, and making recommendations to the Board on any proposed changes, selection and appointment of, and succession planning for Board members. The specific terms of reference of the Nomination Committee is posted on the Company's website.

The Company believes that the board diversity policy is a key element for the Company to maintain sound corporate governance and sustainable development while achieving strategic objectives and enhancing decision-making capability at the same time. The Company considers that the concept of diversity incorporates a number of different aspects and measurable objectives, such as professional experience, business perspectives, independence, skills and knowledge, gender, age, cultural and educational background.

The Nomination Committee held 2 meetings in 2025 and was attended by committee members for the selection and recommendation of candidates for directorship having regard to the relevance of skills and experience appropriate to the Group's business. The individual attendance record of each member is as follows:

	Number of meeting attended/Total
Non-Executive Director	
Mr. Zuo Hong	2/2
Independent Non-Executive Directors	
Mr. Zhang Yi (Chairman) (appointed on 28 June 2025)	N/A
Ms. Wang Qian (appointed on 28 June 2025)	N/A
Mr. Tu Jijun (Chairman) (retired on 27 June 2025)	2/2
Professor Shi Ping (retired on 27 June 2025)	2/2

The Company appointed 2 new Directors in 2026, namely Mr. Zhang Yi and Ms. Wang Qian. The nomination committee's involvement process and its considerations are as follows: Mr. Tu Jijun and Professor Shi Ping retired and resigned as independent non-executive Directors on 27 June 2025. Both Mr. Zhang and Ms. Wang were recommended as candidates of independent non-executive Directors. The nomination committee has considered their extensive experience and background and believes that their skills and knowledge can bring new perspectives to the Company's business development and enhance the diversity of the Board. Further, as the addition of Ms. Wang will maintain the proportion of female members on the Board and increase the number of Directors under the age of 40 which are in line with the board diversity policy of the Company, the nomination committee considers that both are qualified to serve as independent non-executive Directors.

During the financial year ended 2025, the Nomination Committee has, amongst other things, reviewed the structure, size, composition and diversity of the Board, determined the policy for the nomination of Directors and adopted the nomination procedures and the process and criteria under the Board Diversity Policy to select and recommend candidates for directorship during the year.

AUDIT COMMITTEE

The Company established an Audit Committee in April 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph D.3 of the CG Code. As at the date of this annual report, the Audit Committee is currently chaired by an independent non-executive Director, Ms. Wang Qian 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 the consolidated financial statements and reports and considering any significant or unusual financial items, 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. Also, the Audit Committee of the Board has free and direct access to the Company's independent professional advisers when it considers necessary.

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

The Company has complied with Rules 5.05(2) and 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Audit Committee held 2 meetings in 2025 and the individual attendance record of each member is as follows:

	Number of meeting attended/Total
Non-Executive Director	
Mr. Zuo Hong	2/2
Independent Non-Executive Directors	
Ms. Wang Qian (Chairlady) (appointed on 28 June 2025)	1/1
Mr. Liu Lidong	2/2
Professor Shi Ping (Chairman) (retired on 27 June 2025)	1/1

During the financial year ended 2025, the Audit Committee has, amongst other things, reviewed the interim and annual results of the Company and reviewed risk management and internal control matters of the Company. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2025 which is of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made. In addition, the Audit Committee met the external auditor once without the presence of the management to discuss any areas of concerns.

There have been no disagreement between the Board and the Audit Committee during the year and up to the date of this annual report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such financial statements. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The statement of the external auditor of the Company, SHINEWING Certified Public Accountants LLP ("Shinewing"), with regard to their reporting responsibilities on the Company's financial statements is set out in the section headed "Auditor Report" in this Annual Report.

The Directors were aware that the Group's net profit for 2025 is RMB-8,872,595.64, and it continues to suffer losses; at of the end of 2025, the net assets was RMB-55,631,778.79; for 2025, the operating income was RMB27,578,264.42 and the net operating cash flow was RMB-1,639,944.34; at the end of the year, the current liabilities were higher than the total current assets by RMB61,877,034.73, and there are debts overdue.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the above conditions, the financial statements were prepared based on the assumption that the Group can be operated as a going concern.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of consolidated financial statements that give a true and fair view in accordance with the relevant accounting standards and the applicable disclosure requirements of the Listing Rules, the Hong Kong Companies Ordinance and other applicable regulatory requirements, and for such internal control as the Directors determine necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board is responsible for presenting balanced, clear and understandable annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided the Directors such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

In determining the appropriate basis of preparation of the consolidated financial statements, the Directors have reviewed the Group's cash flow projections prepared by management based on estimations of future revenue, expected expenses, committed and planned capital expenditure and the availability of financing, which cover a period of twelve months from the reporting period end date. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and committed future capital expenditure within the next twelve months from the end of the current reporting period.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquires, they are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

The Company engaged SHINEWING Certified Public Accountants LLP, as the external auditor for the year ended 31 December 2025. The fees paid and payable to Shinewing for audit services and other services amounted to RMB0.471 million and RMB0.013 million respectively. There was no other significant fee incurred for non-audit services during the year ended 31 December 2025 (2024: Nil).

Members of the Audit Committee were of the view that SHINEWNG is independent and had recommended the Board to propose its re-appointment as the Company's independent auditor at the 2026 AGM.

COMPANY SECRETARY

Mr. Lee Kun Yin was appointed as the company secretary of the Company with effect from 20 January 2023 pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Lee is a member of the Chartered Accountants in Australia & New Zealand and Hong Kong Institute of Certified Public Accountants. His primary contact person of the Company is Mr. Xiao Bing, an executive Director and chairman of the Company. Mr. Lee confirms that he has taken no less than 15 hours of relevant professional training for the year ended 31 December 2025 and is in compliance with Rules 5.15 of the GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness. The Board will conduct regular review on risk management and internal control systems of the Group in order to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatement or loss.

In the risk assessment process, the management has identified the major risks faced by the Company and ranked these risks according to the likelihood and the severity of the impact on the business of the Company, as well as further developed risk management measures to maintain the risks at an acceptable level. The management would report to the Audit Committee and the Board on all findings and the effectiveness of the risk management and internal control systems. The Audit Committee assists the Board in leading the management to oversee the design, implementation and monitoring of the risk management and internal control systems, and makes recommendations. The Audit Committee also ensures that an overall review of the effectiveness of such systems is conducted at least annually and put forward to the Board for consideration.

To strengthen governance, an internal control review for the year ended 31 December 2025 has been conducted. The review covered key aspects of the Group's internal control framework, including financial, operational, compliance, and risk management functions, with a focus on the core businesses and/or processes of the Group. Overall, no material inadequacies or deficiencies in the risk management and internal control systems were found.

During the year under review, the Board has reviewed the operational and financial reports, budgets and business plans provided by management to identify, evaluate and manage any significant risks. Besides, the Audit Committee and the Board also performed regular review on the Group's performance, risk management and internal control systems including financial, operational and compliance controls in order to ensure effective measures being in place to protect material assets, carry out internal audit function and resolve material internal control defects of the Group. The Board considered that effective and adequate risk management and internal control systems were adopted and continually reviews the effectiveness of present arrangement on risk management and internal control functions to access whether any changes are necessary.

During the year, the Group has complied with Principle D.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems.

DISSEMINATION OF INSIDE INFORMATION

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Group has adopted a Policy on Disclosure of inside information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure. Control procedures have also been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

SHAREHOLDERS' RIGHTS

Extraordinary general meeting may be convened by the Board on written requisition of shareholders holding 10% (including 10%) or more of the Company's issued and outstanding shares carrying voting rights pursuant to Article 64 of the articles of association of the Company. According to Article 66 of the articles of association of the Company, when the Company convenes an annual general meeting, shareholders holding 5% (including 5%) or more of the total voting shares of the Company, are entitled to propose new motions in writing to the Company and the Company shall place such motions on the agenda for such meeting if they are matters falling with the scope of duties of the general meeting. Shareholders may propose new motions at general meeting of the Company by sending the same to the Company at the registered office and principal place of business in the PRC of the Company and the principal place of business in Hong Kong of the Company.

Shareholders are, at any time, welcome to raise questions, proposals and request information (to the extent it is publicly available and appropriate to provide) from the Board and management by writing to:

Address: Room B, 16th Floor, Yam Tze Commercial Building, 23 Thomson Road, Wanchai, Hong Kong
Attention: Company Secretary
Email: info@xaht.com

Shareholders may direct their enquiries about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Computershare Hong Kong Investor Services Limited
Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555

The Board has conducted an annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and considered that the policy was implemented effectively during the Reporting Period.

DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the Shareholders and investors to make informed investment decisions relating to the Company, the Board has adopted a dividend policy (the "Dividend Policy").

According to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- the actual and expected financial performance of the Group;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the liquidity positions of the Group;
- the future cash requirements and availability of the Group, including its expected working capital requirements, capital expenditure requirements and future expansion plans;
- any restrictions on payments of dividends that may be imposed by the Group's lenders;
- the general market conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factor that the Board may consider appropriate.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the Dividend Policy on a regular basis.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company follows a policy of disclosing relevant information to shareholders of the Company in a timely manner. Members of the Board meet and communicate with shareholders at general meeting of the Company. The Chairman proposes separate resolutions for each issue to be considered and put each proposed resolution to the vote by way of a poll. Voting results are posted on the Company's website on day of general meeting.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and shareholders. The Company has established several channels to communicate with shareholders as follows:

– corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the website of the Stock Exchange and on the website of the Company at www.xaht.com;

– periodic announcements are published on the websites of the Stock Exchange and the Company;

– corporate information is made available on the Company's website; and

– annual and extraordinary general meetings, if any, provide a forum for shareholders to make comments and exchange views with the Directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2025.

CONSTITUTIONAL DOCUMENTS

Pursuant to the Company Law of the People's Republic of China with effect from 1 July 2024 and the provision of abolishing the establishment of the supervisory committee in the Notice on Matters Concerning the Alignment of Corporate Governance Supervision Regulations with the Company Law《關於公司治理監管規定與公司法銜接有關事項的通知》with effect from 17 December 2024, the Company made amendments to certain clauses of the Articles of Association. The amendments are mainly about the abolishment of the establishment of the Supervisory Committee; the clarification of the functional positioning of the audit committee of the Company; and other corresponding and miscellaneous amendments.

Such amendments have been passed and approved in a special resolution put forward in the Annual General Meeting held on 27 June 2025. For details, please refer to the circular of the Company dated 5 June 2025 and the announcements of the Company dated 27 June 2025.

The new Articles is available on the websites of the Stock Exchange and the Company.

Except for the above, there were no other significant changes in the Company's Articles of Association.

WHISTLEBLOWING POLICY

In compliance with paragraph D.2.6 of the CG Code, the Company has put in place whistleblowing policy which applies to all the directors and employees (including but not limited to permanent, full-time, part-time and contract employees, etc.) of the Group and any parties who deal with the Group (including but not limited to investors, customers, contractors, suppliers, creditors and debtors, etc.). The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board, senior management and/or their supervisors. The identity of the whistle-blower and all the concerns or irregularities raised will be treated as confidential and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Board which is responsible for overseeing and monitoring the whistle-blowing policy and mechanism, will make decisions on further actions (if needed) while the Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities.

In compliance with paragraph D.2.7 of the CG Code, the Company has in place an anti-corruption and integrity promotion system within all its employees, which forms part of the Company's employees staff manual. Employees are required to act with integrity and to report any suspected bribery, corruptions and money laundering cases to senior management or the Board. The employees are required to declare any conflict of interest when performing their duties. The anti-corruption and integrity promotion system forms an integral part of the framework, outlining the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

CONCLUSION

Going forward, the Company will continue to review its corporate governance practices on a timely basis to maintain its high level of transparency. The Company will also try to enhance its operating efficiency and competitiveness in order to generate greater returns for its stakeholders.

Environmental, Social and Governance Report

OVERVIEW

Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company", or together with its subsidiaries, the "Group" or "we") is pleased to present this Environmental, Social and Governance Report ("ESG Report"). This report discloses and outlines the significant environmental, social and governance ("ESG") policies and performance of the Group for the year ended 31 December 2025.

The Board of Directors (the "Board") of the Group is responsible for formulating the Group's overall ESG strategy, preparing reports, and implementing related management policies. By overseeing and reviewing the Group's analysis of sustainable development objectives, risks and opportunities, operational performance, and overall development strategy, the Board will develop action plans and allocate resources to help the Group achieve its policies and goals. The Board also assumes responsibility for managing and improving sustainable development performance.

The Group has been concentrating on the development of mobile communication products and services while developing various types of marine engineering, aviation and other equipment. The Group was established in October 1999, owns more than 60 patented technologies, and has developed more than 400 types of antenna-related communication products on its own, which are widely used in mobile communication networks across the country.

The Group has built up a complete operating system that integrates product development, production, sales, installation and services, and fully understands the importance of independent R&D and innovation. The Group's innovative efforts and achievements in this area have been highly recognised by the State, as such the Group has undertaken a number of key scientific research projects for various government agencies by virtue of our industry leading technology, which earned us the title as one of the first "Innovative Enterprises" certified in China and its shares listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 November 2003 to meet the needs for future development.

The Group believes that prudent management of environmental and social issues is one of the key factors for long-term success. To better understand the risks and opportunities for environmental protection, the Group ensures it complies with the requirements of regulatory authorities through an efficient operation management, policies and procedures as well as setting achievable targets, efficient energy measures and waste treatment.

Designated personnel from operational departments are responsible for providing and analysing ESG data, assisting in formulating relevant strategies in their respective working areas, and ensuring the effectiveness of policy implementation in line with the strategies and objectives endorsed by the Board. Regular meetings are conducted between the Board and the designated personnel from operational departments to address ESG-related matters, assess policy implementation processes, and evaluate risks, targets, and strategies pertaining to the Group's ESG initiatives.

The regular ESG meetings provide ongoing monitoring of the ESG work process. By convening ESG meetings regularly, the Group ensures that our ESG strategy and objectives remain aligned with broader business goals. The meetings also play a crucial role in ensuring compliance with legal requirements and meeting stakeholders' expectations. Regulatory frameworks related to environmental protection, social responsibility, and corporate governance are constantly evolving, making it essential for the Group to stay abreast of changes and adapt their practices accordingly. ESG meetings provide an opportunity to assess the Group's compliance status, identify any gaps or areas of improvement, and take proactive measures to address them.

Over the past year, the Group achieved outstanding developments in the ESG field. We strictly followed the requirements of ESG reporting guidelines and completed the preparation and disclosure of the ESG report in collaboration with ESG working group to ensure the information transparency and accuracy; in the meantime, ESG working group specialised in assessing material risks such as climate changes and continuously optimised the target setting to provide professional support to the Board.

During the year, the Group actively implemented ESG governance and risk management, which provided important guarantees for the Group's long-term development and laid a solid foundation for achieving the goals of sustainable development. In the future, we will continue to uphold high standards and continuously optimise the ESG management system to continuously create value for our stakeholders, employees and partners.

Reporting Principles and Scope

This Report discloses the principles, strategies, objectives and overall performance of the Company's principal businesses in respect of environmental, social and governance reporting. In addition, the Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM Board of HKEX. The Report has been prepared in full compliance with the mandatory disclosure requirements and "Comply or explain" provisions stipulated in the Guide and has been approved by the Board of the Group.

Unless otherwise stated, the ESG Report covers the overall performance, risks, strategies, measures and commitment of the Group's business operations in the PRC and Hong Kong from 1 January 2025 to 31 December 2025 (the "Reporting Period").

For the Group's corporate governance structure and other relevant information, please refer to the corporate governance report on pages 10 to 21 of this annual report.

Data sources

The data and information used in this report are mainly derived from public data, internal statistical statements, surveys, administrative instruments, reports and other related documents.

Stakeholders' Feedback

The Group values its stakeholders and their feedback regarding its businesses and ESG issues. To fully understand, respond and address the core concerns of different stakeholders' representatives, the Group maintains close communication with its key stakeholders regularly. The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced through a proper communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and sustaining the success of the Group's business in the challenging market.

We welcome opinions on the Group's approaches on the environmental, social, and governance aspects upon reading the ESG Report. Please share with us via:

Postal address: Room B, 16th Floor, Yam Tze Commercial Building, 23 Thomson Road, Wanchai, Hong Kong

Email: info@xaht.com

Forward-looking Statements

This Report contains forward-looking statements based on the current expectations, estimates, projections, beliefs and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. The forward-looking statement is not a guarantee of future performance and is subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ materially from the assumptions and statements in this Report.

Outlook of The Group

It is the Group's aim to invest more manpower and resources in sustainable development, including resources efficiency and carbon reduction, to protect our planet. We will create a humanized and high-quality working environment for employees and ensure product safety and quality in the production process while the Group is committed to complying with all the applicable laws, regulations and standards, and operating under the principle of corporate sustainability and in an ethical, honest and transparent manner.

Meanwhile, we will also continue to communicate closely and effectively with our stakeholders, e.g. customers, employees, communities, suppliers, business partners, investors and regulatory authorities, listen to their opinions on the development of society and environment. We can only achieve our sustainable development and operation with the trust of our stakeholders.

Reporting Principles

In preparing this Report, the Group adheres to the reporting principles outlined in the ESG Reporting Guide:

Reporting principles	Interpretation
Materiality	Identify important environmental and social issues by analyzing the opinions of stakeholders of the Group, and prioritize and disclose important issues in the Report. The Board also conducts internal meetings to analyse and identify material ESG issues while the Board approves and acknowledges the results of annual materiality analysis and discloses the effects of the Company on material topics and the Company's performance in this report.
Quantitative	The Group calculates the key performance indicators ("KPIs") with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" and "Appendix 3: Reporting Guidance on Social KPIs" of "How to Prepare an ESG Report" published by HKEX and discloses them in a quantitative manner where appropriate.
Balance	The Report aims to disclose data in an objective, accurate and impartial way, which aims to provide stakeholders with a balance overview of the Group's overall ESG performance.
Consistency	This report aims to comply with the environmental, social, and governance reporting guidelines outlined in Appendix C2 of the Listing Rules of the Hong Kong Stock Exchange's GEM. It has made efforts to use consistent evaluation and calculation methods as in previous years to ensure that the disclosed data is comparable and can serve as a basis for ongoing monitoring.

Report Publication

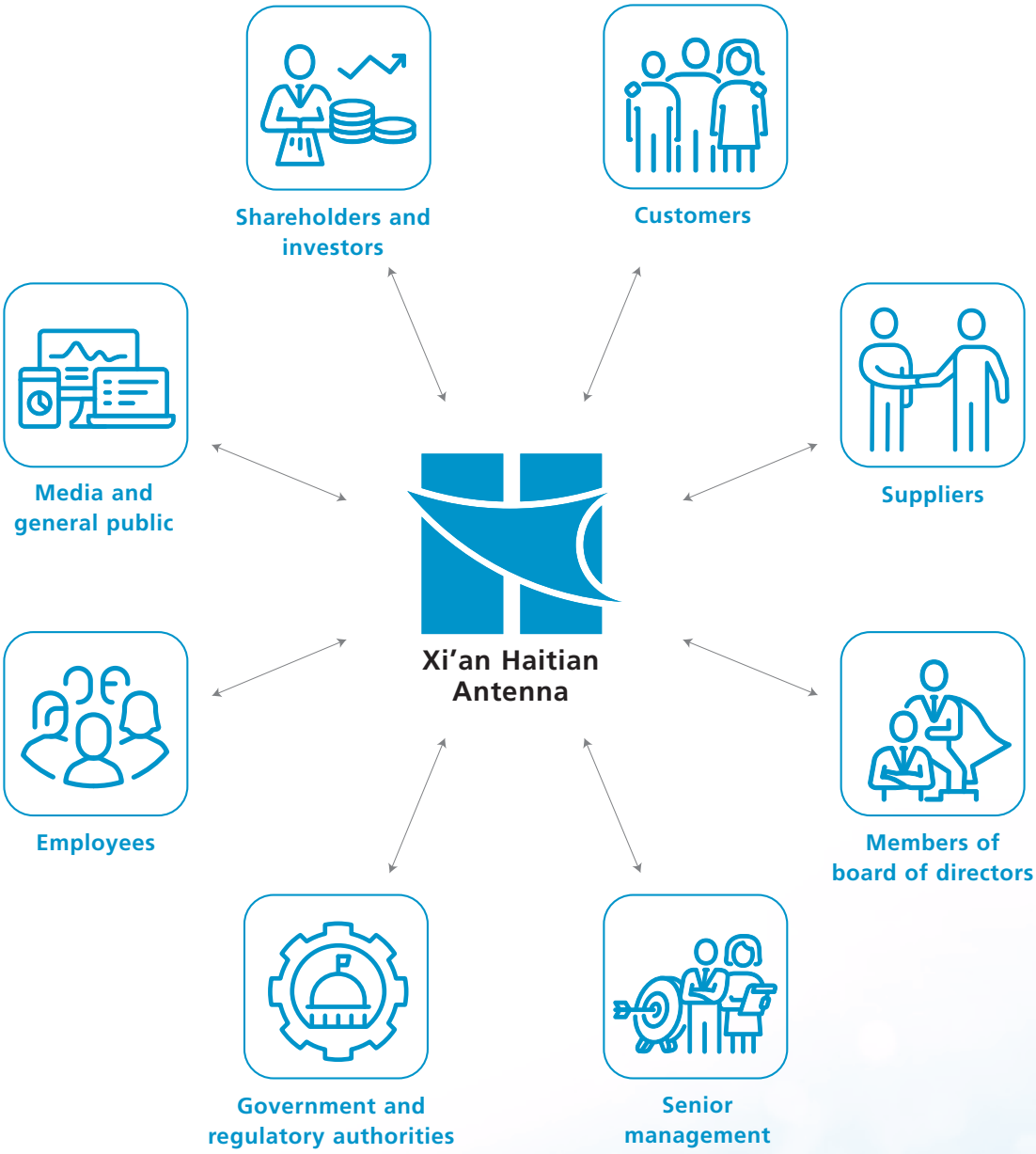
The Report is published in both Chinese and English. It is uploaded to the HKEX's website and the Company's official website (www.xaht.com). Should there be any discrepancy between the Chinese and English versions, the English version shall prevail.

Reporting Boundary

In order to preserve a meaningful comparison, there was no material change to the methods of KPIs used by the Group in the years ended 31 December 2024 and 31 December 2025. The Group did not have any reporting boundaries of the ESG Group.

Stakeholder Engagement

The success of the Group's business depends on the support and advice of all our management, employees, customers and other relevant stakeholders. By absorbing their valuable opinions, we can make progress and operate our business in a sustainable manner. The Group actively opens communication channels to understand stakeholders' concerns about the Company and to effectively improve relevant policies. After our communication with the stakeholders, their main issues of concern of are listed below:



	Relevant groups	Expectations/Concerns	Communications and responses
Internal stakeholders	Employees	• Overall operating results of the Company; • Compliance during daily operation; • Remuneration, promotion and reward/punishment system, and imparity; and • Talent training system and personal development prospects.	• Regular meetings and management communication; • Employee suggestion forms; • Field trip; and • Job performance evaluation
	Senior management	• Economic benefits of the Company; • Production and operation management; • Comprehensiveness of governance system; • Risk management; and • Investment opportunities in the sector and development potential of the Company.	• Regular meetings with executive directors; and • Job performance evaluation
	Members of board of directors	• Strategic planning and its effectiveness and sustainability; and • Comprehensiveness and effectiveness of financial and internal control system.	• Regular meetings and/or conference calls between board members

	Relevant groups	Expectations/Concerns	Communications and responses
External stakeholders	Shareholders and investors	• Financial condition and operating profitability of the Company; • Operational condition and industry changes; and • Interest of shareholder and investors.	• Annual general meeting; • Announcements and circulars; • Email or mail; and • Financial reports
	Customers	• Production technology and product quality of the Company; • Service quality and commitment of the Company; and • Operational stability of the Company.	• Announcements and website of the Company; • Customer service channels; and • Customer Satisfaction Surveys
	Suppliers	• Production technology and product quality of the Company; • Open and fair procurement; and • Operational stability of the Company.	• Website of the Company; • Regular review of suppliers; • Supplier management meetings and events; and • Supplier Selection
	Government and regulatory authorities	• Compliance of the Company's operation; • Exercise in capital market and its compliance; and • Economic value and benefits.	• Interaction and visits; • Government inspections; • Tax returns and other information; and • Rules and guidelines published by regulatory authorities
	Media and general public	• Environmental protection policies; • Communities involvement; and • Compliance of the Company's operation.	• Company's website; • Shareholders' meetings; and • Issue of financial reports

The Group firmly believes that open dialogue and transparent communication with stakeholders are the foundation for building trusting relationships and enhancing brand image. The Group endeavours to collaborate with its stakeholders in improving its ESG performance and create greater value for the community consistently. We will continue to advance these strategies to achieve the goal of mutual development.

Opinion Collection Channels

The Group proactively opens up multiple communication channels to understand their concerns over the Company, and discuss the Group's relevant policies improvement with them. As regards communication initiatives with internal stakeholders, the Group has formulated employee manual and relevant work guidelines; whilst building face-to-face, written, interaction, notice boards and other communication channels to allow employees to share their difficulties and demands in terms of their jobs. Through regular feedback, performance evaluation and other systems, we aim to evaluate work efficiency and communicate with management to enhance the overall efficiency.

For external stakeholders, the Company has established a strict internal control system and a comprehensive meeting system in accordance with the Company Law (公司法) and Articles of Association (公司章程), which include convening shareholders' meeting on a regular basis to allow shareholders to participate in the Company's substantial matters. In addition, the Company attaches high importance to the comprehensive information disclosure system, where relevant announcement and latest updates of the Company are released to ensure effective communication with external investors. Officers are also designated to maintain the company website and attend to visits by investors, representatives from regulatory authorities and media outlets. The Company also has an investor hotline to ensure timely communication between the Company and investors, media and general public. We also communicate with various government departments and regulatory agencies from time to time to follow up with the policy change and makes subsequent adjustment to the internal system. We sustain a close business relationship with suppliers, customers and other business partners, and share market and industry insights while understanding and cater to their needs.

After collecting internal and stakeholders' views and opinions, executive directors will carry out materiality assessments internally with the related managers and externally with related stakeholders through various means. The Group continues to assign a board member and duty managers to constantly communicate with its stakeholders under the established channels in order to gain insights on ESG material aspects in 2025 Reporting Period.

BOARD INVOLVEMENT

The Board of Directors of the Group is ultimately responsible for overseeing the Group's ESG risk management and monitoring substantial risks within the Group. In addition, the Board of Directors also plays the role of a driving force in setting the vision of "people-oriented, technology innovation, serve the society and pursue excellence" for the Group.

Meanwhile, the Board leads the Environmental, Social and Governance Working Group to identify, assess and determine the relevant environmental, social and governance risks and formulate risk management measures, with a view to facilitate the Company's concerted and effective progress towards the goal of sustainable development. The Board will also continue to monitor the implementation of the risk management measures to ensure their effectiveness, and will continue to listen to the advice of various stakeholders to further improve the governance.

Functional Organization	Specific Responsibilities
Board of Directors	• Determine ESG-related risks • Develop ESG strategy and approach • Review ESG Work Plan and Results
Environmental, Social and Governance Working Group	• Identify ESG risks and opportunities • Coordinate ESG audit and information disclosure • Report to the Board of Directors on ESG matters
Business Units	• Implement ESG-related policies • Report relevant work results to the working group

MATERIALITY ASSESSMENT

In order to ensure that the Report effectively addresses the concerns of our stakeholders, we have conducted a materiality assessment that considers both relevance and importance. This assessment enables us to identify and prioritise the ESG topics that are most significant to our business and stakeholders. This approach allows us to provide more comprehensive, transparent, and specific responses, thereby enhancing the overall quality of the ESG management.

The Group has assessed the materiality and significance of ESG aspects through the following steps:

Step 1 Identification – Industry Benchmarking

- Industry Comparative Analysis: We have conducted a detailed review of the ESG reports of local and international peers to identify prevailing industry trends and challenges, and to define the environmental and social responsibility issues that the Group should prioritise.

- Internal Discussions: Relevant ESG issues were discussed in management meetings. The materiality and potential impact of each issue on the Group's interests were determined in line with applicable guidelines, and a consensus was reached.

Step 2 Prioritisation – Stakeholder Engagement

- Stakeholder Feedback Collection: The Group conducted in-depth discussions with key stakeholders, including investors, customers, employees and community representatives, to confirm whether the identified ESG issues cover all material aspects and to understand their level of concern on these issues.

- Feedback Consolidation: Based on stakeholder feedback, we prioritised the identified issues to ensure that the most important matters receive adequate attention and response.

Step 3: Confirmation – Defining Material Issues

- Issue Assessment: Integrating stakeholder opinions and management perspectives, we confirmed all key and significant environmental, social and governance (ESG) issues. This process is not only about legal compliance, but also related to our future sustainable business growth.

- Compliance with Guidelines: We ensured that the content of this Report complies with Appendix C2 to the GEM Listing Rules and other relevant guidelines, so as to reflect the highest standards and expectations.

The Group has identified 16 ESG issues material to its operation through consistent communication with stakeholders and Board discussions. The Group has conducted an internal materiality assessment during the Reporting Period. ESG material issues were identified and ranked considering the operation conditions of the Group, opinions from stakeholders, ESG material issues of the industry mentioned in Sustainability Accounting Standards Board (SASB) and ESG material issues identified by peer companies. The identified material issues are strictly managed by adopting relevant policies and guidelines and will be disclosed in a focused manner in the Report.

Material Issues	Materiality
Environment	
1. Climate Change	Most Important
2. Emissions Control	Most Important
3. Waste Management	Most Important
4. Environment and Natural Resources	Important
5. Green Office	Important
Employment	
6. Remuneration and Benefit	Most Important
7. Recruitment and related Policies	Most Important
8. Health and Safety	Most Important
9. Development and Training	Important
Operation	
10. Anti-corruption	Most Important
11. Procurement Policy	Most Important
12. Product Responsibility	Most Important
13. Protection of Privacy and Intellectual Property Important	Most Important
14. Data Protection	Important
15. Whistle Blowing Policy	Important
Community	
16. Corporate Social Responsibility and Community Investment	Important

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL ASPECT

As a socially responsible corporate, the Group fully recognises its responsibility for environmental protection and is committed to sustainable operations. To achieve low-carbon and sustainable business operations, we continually strive to enhance resource efficiency and are dedicated to minimising our environmental impact. The Group strictly abides by relevant national laws and regulations, and has also formulated internal environmental protection policies with reference to the relevant guidelines and standards, including the "Procedures for Environmental Elements Identification and Evaluation","Environmental Operation Control Procedures", "Procedures for Environmental Monitoring and Measurement Control", "Extracts of the Major Environmental Laws and Regulations Involving Haitiantian Antenna", "Waste Management System in Waste Area" and "Copier Repair and Waste Toner Management System" Waste Management System in Waste Area Copier Repair and Waste Toner Management System, and ensures that its employees strictly comply with such codes.

The Group hopes to encourage its employees to make good use of resources, develop energy conservation habits, reduce our impact on the environment and protect the environment through the implementation of the aforementioned environmental protection policies and codes. In addition, to reinforce the implementation of relevant environmental measures, the Group has a clear division of labour amongst various departments, whereby the administration department is responsible for the overall environmental control. It monitors the implementation of different environmental measures, including energy consumption, and sets up relevant reward initiatives.

Although the Group does not generate significant emissions, the Group formulates relevant internal guidelines, strictly complies with all local environmental laws and regulations, and manages emissions generated from and resource use in our business activities to minimize environmental impact to the greatest extent.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

Emissions and Wastes

Air Pollution

The Group strictly complies with relevant national laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), Air Pollution Control Ordinance, Waste Disposal Ordinance, Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), Law of the People's Republic of China on Environmental Impact Assessment (中華人民共和國環境影響評價法), Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), Decision of the State Council on Several Issues Concerning Environmental Protection (國務院關於環境保護若干問題的決定) and other relevant regulations promulgated by the government and applicable to the Group. In addition, we have passed the quality control system ISO19001: 2016 standard certification, which proves that we meet the requirements of relevant laws. We comply with the secondary standards of the Ambient Air Quality Standards (環境空氣質量標準) (GB3095-2012) for air quality management in the general working environment. The Group does not discharge any material air pollutants during its production process.

In the product design process, we strictly follow the national laws and regulations and prohibit the use of materials that are expressly prohibited by relevant laws and regulations. In addition, we also require the design of related electronic products to select materials that comply with the "EU RoHS" of Restriction of Hazardous Substances Directive of the European Parliament and of the European Council to reduce hazards to human health and protect the environment.

Hazardous and Non-hazardous Waste

The Group is aware that improper disposal of waste will cause serious damage to the environment and affect the ecology. The Group implements stringent guidelines in this regard. We strictly comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), the Circular Economy Promotion Law of the People's Republic of China (中華人民共和國循環經濟促進法), Waste Disposal Ordinance (Cap.354 of the Laws of Hong Kong) and other relevant laws and regulations. According to the Waste Management System of Waste Area (廢品區廢棄物管理制度) and Management System of Photocopier Repair and Waste Toner (影印機修理及廢棄墨粉管理制度), the Group adopts relevant measures to prevent environmental pollution during the use and disposal of electronic solid waste and other wastes. We do not dispose of and throw out any solid waste irresponsibly. We abide by the principle of taking resources in a right way, while making efforts to reduce waste generation. On the other hand, we actively look for ways to reuse waste resources to make the best use of them. There is no significant hazardous waste generated during the Company's daily operations.

For electronic products, we have taken the following measures to reduce electronic waste generation:

1. Encourage the reuse of functioning electronic devices;

2. Certain officers are assigned to procure computers and other electronic devices are bought based on their quality, to ensure a longer lifespan of products and a lower damage to the environment;

3. Invite specialized officers to teach other employees about the proper use of these electronic products to minimise damage arising from inappropriate use and thus the electronic waste;

4. Used computers, electronic products and waste batteries, cartridges, and consumables generated in our daily operations which will cause environmental pollution will be recycled by competent companies with a"Certificate of Disposal of Waste Electrical and Electronic Products" according to the requirements of the Interim Provisions on the Discharge of Industrial Solid Waste in the Hightech Zone; and

5. If it is to be cleared by individuals, we will request the contractors to sign a Guarantee on Waste Disposal, which clearly states where the waste will go, so as to prevent environmental pollution.

For the other solid waste, we require:

1. Collection and classification of the waste produced during production processes by all production departments, and storage at designated locations according to guidelines; and

2. Inspection and record on the storage of waste by the Administration Department.

Sewage Discharge

The operation of the Group will not consume massive water resources. The Group does not produce waste water from the cleaning of its equipment. Sewage discharge mainly includes domestic wastewater. We strictly follow the environmental standard with proper wastewater treatment and wastewater will be discharged to the municipal pipe network after being processed by septic tank to minimise pollution to the environment.

During the Reporting Period, the Group continued to recycle various waste materials and promote the efficient utilisation of resources and packaging materials, adhering to the principle of reduction, reuse and resource utilisation to improve resource utilisation efficiency. The Group aims to further reduce total waste volume in the future.

Use of Resources

Green Office

The Group deeply understands that effective resources management is conducive to environmental protection and is closely related to the sustainable development goals of the Company. We actively enhance our energy efficiency, promote green office and energy conservation and emission reduction, while requiring our employees in all departments to strictly comply with the requirements of the "Regulations on Electricity Conservation Management", "Power Safety Management System" in daily work, the "Administrative Regulations for Office Supplies Requisition" in handling their requests for office supplies and paper consumption and "Safe Electricity Management System" implementation, aiming to continuously improve our energy efficiency management. We require our employees to take conservation of resources seriously and uphold the environmental protection idea. Meanwhile, in order to tackle potential energy supply issues during daily operation, the Group proactively optimises its energy protection and prevents suspension of energy supply. Meanwhile, we strive to promote environmental awareness by identifying and assessing potential environmental risks and making efforts to reduce resource consumption, with the following specific measures:

i. Encouraging employees to develop the good habit of switching off all electronic equipment, separating, recycling and reusing of waste before leaving after work;

ii. Regulating our employees' use of office appliances under the principle of "switch it up only when you need to use it, put it idle when you don't, and shut it down after work", so as to reduce energy consumption at idle;

iii. Reducing the use of unnecessary lighting in public area under adequate sunlight, and employing energy conserving lighting system;

iv. Using a timer to control our lighting system in summer and winter, respectively;

v. Regulating our employees' water usage so as to avoid waste;

vi. Maximizing paperless office operation, with information transmission through the network;

vii. Encouraging double-sided printing as well as waste paper recycling; and

viii. Performing regular inspection and maintenance on our equipment, improving the energy-consuming devices inside to ensure efficient operation.

We often review the effectiveness of these measures and make adjustments according to our operation to improve the efficiency of the use of resources.

As mentioned above, the Group's main water consumption is mainly domestic water and it is mainly from office scale operation. Therefore, the Group does not have difficulties in obtaining water resources.

Indoor Air Quality

Indoor air quality is regularly monitored and measured. During the Reporting Period, the indoor air quality of the Group's office has been satisfactory. To improve indoor air quality, air filtration systems are in place in the office and cleaned periodically. These measures resulted in maintaining indoor air quality at a satisfactory level.

The Environment and Natural Resources

Human beings rely on the ecosystem services provided by nature. Therefore, it is important to protect biodiversity and the ecosystem. We pay full attention to the environmental impact and consumption of natural resources created by production processes. We have established, and have been following and maintaining an efficient environmental management system, which advocates environmental protection practices in a number of areas:

i. Strictly complying with relevant environmental laws and regulations while continuing to improve our environmental system;

ii. Reducing the use of equipment with higher energy consumption and using energy-efficient electronic equipment during daily operation;

iii. Adopting green procurement and reusing resources as allowed;

iv. Improving production techniques, adopting green production such as lowering emission of exhaust gas and treating wastewater;

v. Minimising noise pollution during production by selecting low-noise equipment, implementing effective noise cancelling measures through improving production techniques; and

vi. Separating waste from daily operation into hazardous and non-hazardous waste, increasing the waste recycling rate to reduce damage to the environment.

Moreover, the Group hopes that environmental protection can be subtly integrated into the lives of our employees. In addition to stringent compliance with relevant environmental laws and regulations, the Group organizes environmental knowledge training on a regular basis, such as knowledge contest and other fun and relaxing activities, while participating in and organising outdoor green events, to promote self-monitoring and self-reflection on environmental protection, as well as raising the awareness.

During the Reporting Period, the Group did not have any non-compliance with environmental laws and regulations related to waste gas and greenhouse gas emissions, water and land discharge, and generate hazardous or non-hazardous pollutants that have a significant impact on the Group.

Climate Change

The Group fully understands the importance of identifying and responding to significant climate risks, and proactively manages potential climate risks that may impact the Group's business. We have established risk management policies in identifying and mitigating various risks, especially the climate change related risks. To develop appropriate risk response strategies, the Board also holds regular meetings to maintain close communication and cooperation with senior management to explicitly identify and assess climate-related risks.

We have also identified climate change-related risks and opportunities that may affect our business operations by reviewing internal policies, analysing current business conditions, stakeholder engagement, and studying relevant government policies.

The Group attaches great importance to the risks posed by climate change to the Group's business, and has formulated the "Emergency Plan" (應急預案), "Emergency Rescue Plan" (應急救援預案計劃) and other systems and plans to cope with such risks in order to maintain the normal operation of the Group's business.

Risks and Actions

The Group has identified the risks posed by climate change to the Group's business and analysed the possible impact as follows:

Physical Risks	Potential Impacts	Actions
Increasing frequency and severity of extreme weather events caused by climate change.	Damage to power grids and communication infrastructure, causing employee injuries, business interruptions, reduced production capacity and productivity of the Group, or exposing the Group to risks associated with non-performance and delayed performance.	The Group adopts flexible work arrangements and precautionary measures under adverse or extreme weather conditions.

Transition Risks	Potential Impacts	Actions
Climate regulations and rules will become increasingly stringent with higher requirements for climate-related information disclosure.	Increasingly stringent environmental laws and regulations will increase the Group's compliance costs and may even expose the Group to higher risks of claims and lawsuits for failure to comply with relevant laws and regulations. Failure to meet climate change compliance requirements will increase the Group's relevant capital investment and compliance costs, as well as affect the Company's reputation.	To respond to policy and legal risks as well as reputation risks, the Group regularly monitors existing and emerging climate-related trends, policies and regulations, and prepares to alert top management when necessary, in order to avoid increased costs, fines for violations and/or reputation risks due to delayed response.

Environmental KPI

Emission type	Unit	2025	2024
Air emissions			
Nitrogen oxides (NOx)	kg	**17.87**	19.59
Sulphur oxides (SOx)		**0.19**	0.20
Particulate matters (PM)		**0.09**	0.10
Greenhouse gas emissions			
Total greenhouse gas emissions (scope 1 and scope 2)	kg (equivalent of carbon dioxide)	**64,895.28**	101,928.44
Scope 1 – Direct emissions		**13,730.99**	18,075.39
Scope 2 – Indirect emissions		**51,164.29**	83,853.05
Intensity	kg/income in RMB million	**2,903.39**	7,123.49
Hazardous waste			
Total hazardous waste	kg	**3.93**	3.93
Intensity	kg/income in RMB million	**0.18**	0.27
Non-hazardous waste			
Total non-hazardous waste	kg	**2,247.00**	3,336.79
Intensity	kg/income in RMB million	**100.53**	233.20

Summary of Resources Consumption Data

Type of resources consumption	Unit	2025	2024
Energy consumption			
Total energy consumption	kWh	**131,020.65**	199,569.89
Electricity	kWh	**84,015.00**	137,692.00
Fuel oil	kWh	**47,005.65**	61,877.89
Natural gas	kWh	**0.00**	0.00
Intensity	kWh/income in RMB million	**5,861.81**	13,947.37
Paper	kg	**126.80**	133.14
Packaging materials			
Total packaging materials	kg	**15,650.00**	18,748.80
Plastic	kg	**150.00**	172.80
Corrugated papers	kg	**15,500.00**	18,576.00
Intensity	kg/income in RMB million	**700.17**	1,310.30
Water			
Total water consumption	m^3	**1,173.00**	1,342.00
Intensity	m3/income in RMB million	**52.47**	93.79

SOCIAL ASPECT

Employment

As at 31 December 2025, the Group employed 34 employees. With the "people-oriented" concept, we are committed to providing our employees with a work environment that is free from discrimination against gender, age, nation, sexual orientation, family status, race or religion, and with a place where our employees feel accepted, cared and respected. The Group respects the laws in the areas where its people are employed, including the Employment Ordinance in Hong Kong, Labour Law of the People's Republic of China (中華人民共和國勞動法), Civil Code of the People's Republic of China (中華人民共和國民法典), Regulation on Labour Security Supervision (勞動保障監察條例) and the Labour Basic Standard Law (勞動基準法) of the People's Republic of China, and formulates its own employment and labour practices in accordance with the industrial practices, which are detailed in the Employee Handbook, aiming to regulate the employee's behaviour and responsibilities and ensure they are treated fairly. During the Reporting Period, the Group was not involved in any illegal activities in relation to its employment which had a significant impact on it.

Remuneration and Benefit

We have a well-maintained compensation management system to ensure that all our employees can enjoy the remuneration, benefits and welfare, including minimum salary, vacation, compensation for termination and other benefits. We also provide suitable amount of subsidies for their daily communication and business trips.

The Group makes social insurance contributions for employees in accordance with the relevant laws and regulations. Pursuant to the Mandatory Provident Fund Schemes Ordinance, we make regular contributions for eligible employees in Hong Kong. Employees of the Group's subsidiaries in Mainland China are required to participate in the state-managed retirement benefit scheme operated by the PRC government.

In addition to basic statutory holidays, employees are entitled to paid annual leave, marriage leave, maternity leave, paternity leave, and sick leave, etc. Although the Group emphasises work efficiency and does not encourage employees to work overtime under normal circumstances, they may work overtime as appropriate according to work requirements.

Recruitment and Promotion Policy

Upholding the impartial and fair principle, the Group's recruitment processes are made based on operational needs, business growth, and requirement of occupational skills and qualifications. Suitable employees are selected after careful analysis of their personal moral standard, professional skills, work experiences and relevant qualifications. We do not allow any personal relationship and interest as priority and prohibit any form of discrimination. We have built a comprehensive performance assessment and promotion system, evaluating the job performance of employees to make sure that each and every employee is entitled to reasonable promotion opportunities, with a view to creating an endeavouring and harmonious corporate culture.

Equal Opportunity and Diversity Policy

The Group strives to reinforce its human resource management. Through strengthening human strategy, building talent nurturing system, together with the promotion of corporate culture, we aim to improve our systems. The Group determines employees' salary, benefits and promotion based upon their job nature, experience, work performance, financial results and market condition. The Group guarantees fair treatment of employees and prevent discrimination based on gender, race, religion, age, marital and family status, disability or any other grounds. To attract and hire outstanding talents, we adhere to ethical standards, knowledge, ability, experience and physical fitness as recruitment criteria, and are committed to the principles of fairness, equality, and openness.

Dismissal Policy

In general, the Group will lay off employees for the following reasons:

i. Unsatisfactory performance of an employee for a prolonged period of time, or his/her capability and skills do not meet the required level of the respective position so that he/she cannot perform the job duties;

ii. Serious violation of laws and regulations and employment policies to the level that he or she should be dismissed; and

iii. Objective condition where the company is not able to subsist.

If an employee is dismissed due to the above reasons, the Group will follow the procedures to handle and make reasonable compensation to the dismissed employee according to the guidance under relevant employment law and the relevant provisions on termination of the employment set out in the employment contracts of every staff.

Employee turnover rate:

Category		**2025**	2024
Rate of employee turnover (Note 1)		**13.70%**	35.79%
Gender (Note 2)	Male	**8.00%**	37.50%
	Female	**26.09%**	32.26%
Age group (Note 2)		**2025**	2024
	Age 20-29	**N/A**	200.00%
	Age 30-39	**35.29%**	33.33%
	Age 40-49	**11.76%**	20.00%
	Age 50-59	**0.00%**	133.33%
Geographical region (Note 2)		**2025**	2024
	Mainland China	**13.70%**	35.79%

Note 1: The calculation method of the turnover rate in the year: the number of employees leaving employment in the year ÷ ((the number of employees at the beginning of the year + the number of employees at the end of the year) ÷ 2) × 100%.

Note 2: The calculation method of the turnover rate by category in the year: the number of employees leaving employment in the category in the year ÷ ((the number of employees in the category at the beginning of the year + the number of employees in the category at the end of the year) ÷ 2) × 100%.

Communication with Employees and Corporate Culture

We highly value employee opinions, for which we have set up diversified channels between the management and our employees to listen earnestly to the suggestions and ideas of all employees and facilitate communication between them and enhance their efficiency in this aspect. We hold in high regard the employees' understanding of the corporate culture. We aspire, through turning the corporate culture into actions from philosophy, creating a concrete idea from abstract concept, and exploring oral and written forms, to raising employees' comprehension of our corporate culture, thereby strengthening their sense of belonging. To strengthen connections between employees and promote work-life balance, the Group has arranged a series of corporate and social activities for employees to enhance corporate culture and their sense of belonging. During the Reporting Period, the Group organised various corporate activities and team-building dinners, providing good opportunities for all employees to relax and communicate.

Summary of Employee Data

		2025	2024
Total number of staff		**34**	39
Gender	Male	**24**	26
	Female	**10**	13
Employment type	Full time	**31**	37
	Part time	**3**	2
Age group	Age below 30	**0**	0
	Age 30-39	**7**	10
	Age 40-49	**16**	18
	Age 50-59	**9**	9
	Age over 60	**2**	2
Geographical region	Mainland China	**33**	38
	Hong Kong	**1**	1

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare that would have a significant impact on the Group.

Health and Safety

The Group attaches great importance to the promotion of the concept of health and safety, and we always put our employees' health and safety in the first place as always. The Group formulated, in strict compliance with the relevant provisions of Production Safety Law of the People's Republic of China (中華人民共和國安全生產法), Labour Law of the People's Republic of China (中華人民共和國勞動法) and Occupational Safety and Health Ordinance (Cap.509 of the Laws of Hong Kong) and a series of internal guidelines to standardise its daily operations, eliminate potential safety hazards and protect its employees' safety, including the "Safety Training System", "Safety Inspection System" and "Hidden Hazards Screening System".

We consider protection of our employees during production processes as very crucial, as we adhere to the motto of "Safety and Prevention First". In addition to obtaining work-related injury insurance for all our employees, employees are strictly required to follow all laws and operational regulations during daily work and production, and are assigned to acquire additional professional knowledge to raise their safety awareness, in order to contain and reduce accidents.

To prevent accidents, we closely monitor the safety indicators in the working environment, regularly check the machines and related operating procedures to ensure that all safety rules are obeyed. We have also put in place adequate fire extinguishers and first aid packages, and organised all kinds of occupational safety training sessions whereby we urge employees to learn all necessary safety knowledges and launch safety drills, including education on fire prevention and emergency response, equipment operation and fire drills. We will continue to upgrade our safety facilities and review the relevant safety rules from time to time. If any safety hazards are found, our employees and supervisors must report immediately to the management and take remedial measures to prevent accidents.

We understand the increasing concern from employees and the society over work pressure and potential problems and the balance between work and life is very important to employees. Hence, we proactively care about our employees, so as to achieve pleasant mental health. The Group promotes the enriched and colourful lifestyle as we regularly organises and encourages its employees to participate in various kinds of activities that can promote their awareness of health, including dinner gatherings, long-distance running, basketball competition and other outdoor and social events. We hope to enhance their enthusiasm, understanding with each other, and thus the cohesiveness, so as to create an agreeable working atmosphere.

To ensure employees' occupational health and safety, the Group has implemented a number if work safety measures such as (a) ensure sufficient space between workstations and clean public areas such as corridors and pantries; (b) arrange professional service providers for regular cleaning; (c) maintain adequate ventilation and lighting systems in the offices; (d) prohibit smoking and alcohol abuse at the workplace; and (e) install various fire-fighting facilities in offices.

In the past three years (including the Reporting Period), the Group has not recorded any work-related fatalities or serious bodily injuries. In addition, during the Reporting Period, the Group did not have any claims or compensation to employees for work-related injuries or fatalities, and was not aware of any material violations of laws and regulations relating to employee health and safety.

Development and Training

The Group firmly believes that providing employees with proper and adequate training is crucial, as it will not only improve their job performance and product quality, but will also inspire work potential and promote team spirit. We pay attention to the training and improvement of employees' abilities, knowledge and skills and strive to promote their long-term career development. We have a comprehensive, diverse career development programme to ensure employees to be adept at professional skills and bolster their quality and better adapt to the change in business environment, so that the overall capacity of the company will be enhanced. The Company employs first-class related professional institutions to provide training for staff, including Nanjing China Quality Mark Certification Group (Jiangsu) Co., Ltd.* (南京方圓標誌認證集團江蘇有限公司), Changshu Emergency Management Bureau, Accounting Continuing Education Platform of Jiangsu Province, etc. The training programmes cover knowledge-based, skill, mental trainings, as well as integrated quality assessment:

i. Induction training: organising employee induction talk from time to time, inviting officers as speakers and allowing employees to acquire knowledge, such as operational management and development planning, which is relevant to their respective positions and understand the company policy and corporate culture;

ii. Skill training: providing skill enhancement training from time to time to let employees become adept at job skills, in order to enhance their work efficiency and overall benefits of the Company. These training sessions are grouped into "internal trainings" and "external trainings" and the Group will pay for external courses;

iii. Mental training: through launching various exchange events to fill employees with trust and develop interpersonal relationship and complete their personal characters, with a view to enhance work efficiency by improving psychological quality; and

iv. Integrated quality assessment: regularly organising integrated quality assessment by forms of oral and written tests and practical operation, to ensure that employees have a deep understanding of corporate culture and enhance their job skills, as well as improving their overall quality.

Employees Training Hours:

Category			2025	2024
Total number of employees trained		Number of people	**33**	38
Trained employees as a percentage of total number of employees		Percentage	**97.06**	97.44
Gender	Male	Percentage	**95.83**	96.15
	Female	Percentage	**100.00**	100.00
Employee category	Executives	Percentage	**100.00**	100.00
	Others	Percentage	**96.30**	96.88
Gender	Male	Average number of hours	**30**	38
	Female	Average number of hours	**33**	52
Employee category	Executives	Average number of hours	**30**	34
	Others	Average number of hours	**33**	48

For required qualifications and certificates to assume certain professional positions, such as the accountant qualifications for finance officers and certificates for electricians, the Company will provide relevant training subsidies according to actual needs and encourage employees to proactively learning new professional knowledge.

We evaluate the effects of the training and our employees' performance to adjust the training programs. Also, we always pay close attention to the latest national policy and regulatory changes and updates from the relevant regulatory authorities, so that our directors and senior management fully understand the new legal requirements, systems and industry knowledge.

Internal Development

The Group is well aware that talent training is the most important work above all, so the Group actively trains its employees to enhance efficiency and build a future management team. Therefore, the Group offers employees with enormous room for internal promotion. We advocate a "fair, just and transparent" promotion mechanism. To boost employees' awareness and aggressiveness, the Company will provide an enabling promotion platform according to development need. Based on the operational condition of the company, we will reward employees with outstanding performance and remarkable results in assessment. When there are suitable vacancies, we will prioritising the internal promotion of existing employees, with a view to building their confidence and sense of belongings, as well as reducing employee turnover.

Promotion of senior management must be made based on integrated performance assessment. We will follow the principle of enhancing personal integrated quality and focus on training its comprehensive management capability. In addition, we will make adjustment to different positions according to actual needs while employees are allowed to request changes of job positions for personal situation.

Prohibition of Forced Labour and Child Labour

The Group strictly prohibits the child labour and forced labour, and complies with the local relevant laws and regulations, including but not limited to Labour Law of the People's Republic of China (中華人民共和國勞動法), Labour Contract Law of the People's Republic of China (中華人民共和國勞動契約法), Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and Civil Code of the People's Republic of China (中華人民共和國民法典).

The Group strictly prohibits employment of children, swindle of child labour, forced child labour and other form of forced labour. When hiring people, we require the applicants to present their IDs and academic certificates, and other identity proving documents to ensure that we will not end up hiring child labour. We will also make sure there are no forced labour-related complaints by specifying the time and nature of work when signing the labour contracts with our employees. The Group will review and further improve its labour mechanism from time to time.

The Group also actively protects employees from any form of harassment or bullying at work. We hold a very high personal moral and ethical standard of employees. Through training and information sharing, together with a stringent behavioural guidelines, we monitor and prohibit and harassment and bullying among employees at or outside our workplace.

During the Reporting Period, the Group had neither child labour or forced labour, nor involved in any violation of labour standard.

Supply Chain Management

The Group is concerned about the impact of its daily operations and products on the environment and society. We believe that proper supply chain management is essential for business sustainability and quality control. To achieve a sound supply chain management, we should start with controlling the quality of raw materials, and integrating viable environmental and financial practices into the entire supply chain cycle. Based on this theory, we have formulated our "Supplier Management System" and "Purchase Management System", aiming to maintain strict control over the supply chain. During the Reporting Period, the Group had approximately 25 suppliers, all of which are domestic suppliers.

Procurement Policy

Our "Purchase Management System" details our supplier selection criteria and identifies and evaluates the relevant risks. Generally speaking, we have established a competitive and transparent tendering and procurement process in order to achieve fairness and credibility, and prevent the suppliers from getting the contracts through bribery. We will invite 3-5 suppliers to make tenders for products or parts that we expect to procure, and select among them upon integrated examination of their costs, quality, qualifications and track records. Afterwards, we will communicate with the selected suppliers by phone or by site visit to perform procurement management and production inspection, in order to ensure that the Group is able to obtain supply of qualified products or parts. In case of non-compliance with operational laws or concerning production risks by our suppliers, we will replace with other suppliers pursuant to relevant system. In addition, to prevent conflicts of interest, employees and other individuals who have an interest in the relevant suppliers will not be allowed to participate in related procurement activities. During the Reporting Period, the Group has implemented the aforesaid measure on approximately 15 suppliers.

We are advocating a green and sustainable supply chain model, in which environmental protection concepts are considered from research and development to production. The Group carefully examines the qualifications of suppliers and their comprehensiveness in terms of environmental policies and systems when cooperating with them. The Group keeps a close eye on whether the suppliers had a history of significant violation of environmental laws during daily operation. We learn their operational environmental measures through investigations and site visit, and ensure that their materials meets required standards, so as to protect the Group's supply chain from creating substantial impact on the environment and natural resources.

The Group also emphasises the integrity of suppliers and partners. The Group only selects suppliers and partners with good past business records and no serious violations or unethical business conduct. The Group adopts zero tolerance for bribery and corruption and strictly prohibits suppliers and partners from obtaining procurement contracts or partnerships through any form of transfer of benefits.

Controlling Environmental and Social Risks

The Group proactively maintain close communication with suppliers. The Group will review existing suppliers' performance periodically. We resort to such measures as meetings and telephone calls to ensure that they are able to fulfil their contractual responsibilities while complying with the Group's criteria and national laws and regulations. In addition, the Group advocates the sustainable supply chain model, whereby our products are designed, researched and produced with consideration of environmental protection. We showcase the environmental quality of our products through online and offline promotion, including participation of international exhibitions and other business events, while also promoting our corporate culture and encouraging our suppliers to continue to improve and source suppliers with the same value to make contributions to economic, social and environmental sustainability. The Group will optimise its supply chain upon industry changes.

Suppliers are able to provide a reliable and stable source of materials to us because of the contribution of their employees. Therefore, their personnel management system and safe production standards are also vital. We want our suppliers to be people-oriented and maintain a safe production and regulated operation. The Group will examine their relevant mechanisms and protective measures from time to time. In summary, if any potential material issues arise with suppliers, the Group will take appropriate measures to change suppliers.

Product Responsibility

The top priority of a group is to ensure that customers are satisfied with our products and services. The Group strictly complies with the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法), Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法), Patent Law of the People's Republic of China (華人民共和國專利法), Sale of Goods Ordinance (Cap.26 of the Laws of Hong Kong), Copyright Ordinance (Cap.528), Prevention of Copyright Piracy Ordinance (Cap.544), Personal Data (Privacy) Ordinance (Cap.486) and other all relevant regulations. We carefully select our raw materials for our commitment to environmental protection and energy saving, as we will never use and put in during production processes any substances which are harmful to the environment or human body. We carry out stringent quality control in each procedure from production to delivery; whilst assigning officers to strictly monitor our production processes, so that our production is performed with advanced technology from the country or overseas, and is in line with the relevant standards of the ISO19001: 2016 Quality Management System. We also assess the quality of our products and services based on the relevant national and industry standards. After the production is completed, our products will be sent to research centre for test by experts to ensure their safety and reliability meet the specified level. Taking our submarine products as an example, after the stereotype is finished, we will send it to the specific research institute for conducting several functional tests, so as to ensure that our products meet the quality and safety standards.

To ensure the continuous improvement of the quality control system, quality technology, and costs, our employees have the product quality assurance responsibilities such as (a) actively participate in various activities of the quality control system, implement the quality policy at work, and strive to achieve the company's quality objectives, continuously promote more efficient development of the quality system, while ensuring product quality, process capabilities and performance; (b) focus on customers, meet customer requirements, improve customer satisfaction, and exceed customer expectations; (c) implement the system documents to prevent any inconsistencies with the quality control system requirements; (d) encourage and support employees' innovative spirit; and (e) any improvement opportunities and other issues discovered by employees regarding the quality control system shall be promptly submitted to the Company through the prescribed channels.

During the Reporting Period, there were there were no significant complaints received regarding the Group's product quality and service delivery and significant complaints or compensation requests against us arising from the quality issue of the products of the Group.

Data Protection

The Group is committed to protecting the privacy of its customers, employees, business partners and suppliers by maintaining a safe and secure data environment. The Group complied with relevant laws and regulations by ensuring the highest standard of information security and protection. Employees are prohibited from disclosing the Group's business information to unauthorised parties. All personal and business data collected during the Group's business activities were organised and secured properly. Computers and servers were protected by access passwords, employees were instructed of their responsibility to follow the confidentiality code on the access to information and to ensure the safekeeping of all personal, customer and business data, trade secrets and proprietary information.

Understanding Customer's Expectation

The Group has always been customer-centric as their opinions are especially important to us in improving our service quality. We strive to be professional and maintain the highest level of professionalism. Shining the Company's image is of the same significance as being compassionate and respectful to our customers, giving them as much convenience and thought as possible. We have a professional customer service team and a perfect customer service workflow, which enables us to deliver satisfactory pre-sales, on-sales and after-sales services in all aspects. In order to obtain customer's feedback, our CS team visits the customers regularly to conduct quarterly surveys on customer satisfaction. For the questions raised by our customers, in addition to providing professional answers, we hold regular internal meetings to analyse and study their requirements, so as to continuously improve our product quality and service levels.

Handling of Complaint and Product Recall

We have established a complete complaint handling and product recall mechanism, with specific and clear guidelines on the division of responsibilities and handling procedures. To address different types of complaint, we adopt an "accountability" handling mechanism which directs complaint to responsible departments. Designated officers will handle complaints from customers through a series of procedures including sending complaints, undergoing investigation, giving clear handling timeline, delivering results and conveying satisfaction surveys, to prevent any emergencies. As regards compensation claim on product recall, the Group has established a corresponding compensation mechanism, and recall products, make exchanges or settle compensation in accordance with the Compensation Management Measures (賠償管理辦法) and other after-sale measures and requirements.

During the Reporting Period, no products were subject to recall due to safety and health concerns.

Protection of Privacy and Intellectual Property

We understand the vitality of protecting intellectual property and strictly comply with the Civil Code of the People's Republic of China (中華人民共和國民法典), Law of the People's Republic of China on Protection of Intellectual Property Rights (中華人民共和國知識產權法), Anti-Unfair Competition Law (反不正當競爭法) and other relevant laws and regulations. We constantly complete our management protocols and Employee Manual to include applicable terms of protecting intellectual property, such as confidentiality, employees' responsibilities, violation punishment and other preventive measures, in order to keep all business information obtained during daily business exchange in strict confidence.

When cooperating with other companies, we enter into and strictly follow the confidentiality agreement. For patent technologies owned by third-party we obtain through cooperation, we undertake to carry out rigid control of the scope of knowledge spread and only the necessary employees shall obtain such confidential information. Preventive measures are made as anything carrying the confidential information shall be clearly marked and encrypted. We have formulated stringent the "Management Regulations on Confidentiality of the Group's Internal Information", the "Template of Non-disclosure Agreement" and other stringent information confidentiality regulations, which adopt encryption measures for customers' information and other data and prohibit personal discussion and mention at public events of such information, so as to ensure product data, customer privacy and other business confidential information are fully protected, and avoid leaks because of mishandling.

If the Company has developed the proprietary technologies or unique designs independently, we will submit the relevant application for patents and recognition of unique design to the competent authorities, so as to ensure that the intangible assets of the customers will not suffer any losses, and the Company's legitimate rights and interests are well protected.

To prevent any infringement (such as counterfeit trademarks), we closely monitor the infringement in the market and periodically review our intellectual property portfolios, including trademarks, designs and patents, around the world.

During the Reporting Period, there was no material infringement of the intellectual property rights, and the Group has taken reasonable measures to prevent any infringement of its own intellectual property rights and the intellectual property rights of third parties.

Anti-corruption

The Group adhered to its principles of operation of high integrity standard and actively responded to the call of the Chinese Government on fighting corruption, for which it has formulated a series of anti-corruption guidelines in accordance with the laws and regulations of the People's Republic of China, such as the Criminal Law of the People's Republic of China (中華人民共和國刑法), Company Law of the People's Republic of China (中華人民共和國公司法), Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), Anti-Monopoly Law of the People's Republic of China (中華人民共和國反壟斷法), Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法), Prevention of Bribery Ordinance (Cap. 201 of Hong Kong Law) (防止賄賂條例), Competition Ordinance (Cap. 619 of the Laws of Hong Kong) and other applicable laws and regulations, and put them into active practice.

To establish a clean and righteous corporate culture, we periodically invite the company lawyer to explain for our employees the common legal knowledge, whilst encouraging them to conduct self-learning of relevant laws and regulations and raising their awareness. In addition to requiring all our directors, senior executives and staff to comply with the laws and regulations when carrying out the real business and operations in capital market, we have given the Board of Directors greater responsibility, who, in addition to being responsible for the operation and management of the Company, are expected to raise reasonable doubts about any possible cases in which a conflict of interests or transfer of interests may occur, and for which the management must provide reasonable explanations.

As to cooperation with other companies in aspects of procurement, external investment or investment introduction, the Group has sound rules and system. We will perform due diligence in advance and strictly manage and implement each business relating to procurement and investment in accordance with its rules and procedures, and strengthens the supervision and management of related businesses in the financial aspect so as to avoid the problem of collecting any form of interest. Heads of relevant departments of the Company will also contact and communicate with external partnerships such as suppliers from time to time to understand issues in business development and whether any interest is gained. The Group also conducts internal self-inspection and communicates with customers from time to time to obtain customer information and understand thoroughly about their balance sheets, cash flow condition and profitability. In addition, combined with their qualification in terms of integrity, financing records, capital investment and project condition, we are able to analyse their financial situation and determine whether their income sources are valid and reliable, to ensure that the client's funds are properly sourced and that no illegal acts such as money laundering are involved.

In terms of finance and corporate governance, we strictly prevent the occurrence of illegal acts. All the members of the management must straighten their daily operations and management with the authority granted to them by the Board of Directors and in accordance with our internal control system, so as to eliminate corruption of any kind. We have set up an Audit Committee according to the Listing Rules and engage external lawyers and auditors to provide professional advice on the Company's financial reports and other compliance issues. Apart from complying with the corporate governance requirements of the Stock Exchange for listed companies, we have been constantly reviewing the effectiveness of our internal controls and enhancing our corporate governance.

During the Reporting Period, there were no concluded legal cases regarding any forms of bribery, extortion, fraud and money laundering brought against the Group or its employees.

Whistle-blowing Policy

To enhance our internal integrity culture, we have a well-maintained anonymous reporting mechanism to encourage our employees to report unlawful and dishonest conducts within the Company through e-mail, telephone and other written form, etc., and promise to provide the informants with adequate protection to ensure that employees who whistle-blow will not subject to unreasonable disciplinary action, unfair dismissal, or coercion. Upon receipt of a report, investigations and internal verification will be triggered with the case immediately reported to the management, regulatory agencies, Board of Directors and Audit Committee, who will then notify the government's law enforcement agencies. All necessary measures will be taken to punish and pursue employees, suppliers and business partners who violated the laws. Meanwhile, we will conduct a review on a case-by-case basis, and propose appropriate remedial measures if any loopholes are found.

With the continuous expansion of our business, we will further improve our anti-corruption mechanism, carry on the education on fighting corruption and strengthen our cooperation with external stakeholders such as the suppliers, partners and government agencies, aiming to continuously improve our internal control to stop any violation.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Company and its employees while we did not spot any violations related to corruption, bribery, extortion, fraud, and money laundering, which had a significant impact on the Group. The Group has not found any significant risks and issues.

Community Investment

As a member of the community, an enterprise and the community are closely linked, and it is the great mission of an enterprise to increase social well-being. The Group pursues sustainable development and try its best to strike a balance between interest and responsibility. We proactively respond to the country's appeal to benefit the people. As to regions where the Group launches and operates its projects, the Group actively accommodates the local policy to boost economic development together. We hope to blend the project with the local community and actively participate in the local charity activities and take the social responsibilities. Employees are asked to improve personal quality and develop the civic-mindedness while we encourage employees to also take their social responsibilities to help the community. We champion the moral principle of dedication and appreciation, and aspire to cultivate personal work ethics and social moral quality through actions, for the purposes of self-improvement and giving back to the society. The Group will continue to support the community in the future by incorporating the concept of corporate social responsibility into its daily operations.

Contribute to the National Work on Poverty Alleviation

In order to actively respond to the national poverty alleviation policy and fulfill the Group's social responsibility, the Group has set up Hailan Natural Agricultural Development Co., Ltd. (海蘭天然農業開發有限責任公司) with 51% equity interest in Yi County, Hebei Province, which is a territory included in the navy's fixed-point poverty alleviation village policy since 2016, to carry out the production and sales of agricultural products, mainly live chicken, chicken meat and related by-products, and established an agricultural product sales and operations department.

Going forward, the Group plans to extend its community engagement activities and find more ways of "giving back", by exploring how the Group can also contribute in non-financial ways, such as volunteering, school talks, and donating of used computer and office equipment.

INDEX OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE

This report is prepared in accordance with the ESG Guide. The following table provides an overview on the general disclosures and KPIs of various aspects under each subject area which has been cross-referenced below.

Subject Areas	Content	Section
A. Environmental Aspect		
A1 Emissions		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Air Pollution
A1.1	The types of emissions and respective emissions data	Environmental KPI
A1.2	Greenhouse gas emissions in total and intensity	Environmental KPI
A1.3	Total hazardous waste produced and intensity	Environmental KPI
A1.4	Total non-hazardous waste produced and intensity	Environmental KPI
A1.5	Description of measures to mitigate emissions and results achieved	Air Pollution, Hazardous and Non-hazardous Waste
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Hazardous and Non-hazardous Waste
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental KPI
A2.2	Water consumption in total and intensity	Environmental KPI
A2.3	Description of energy use efficiency initiatives and results achieved	Air pollution and Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Sewage discharge
A2.5	Total packaging material used for finished products and with reference to per unit produced	Environmental KPI
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environment and Natural Resources

Subject Areas	Content	Section
General Disclosure	Policies on identification of and response to significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Risk and Action
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
B1.1	Total workforce by gender, employment type, age group and geographical region	Summary of Employment Data
B1.2	Employee turnover rate by gender, age group and geographical region	Dismissal policies
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
B2.1	Number and rate of work-related fatalities	Health and Safety
B2.2	Lost days due to work injury	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety

Subject Areas	Content	Section
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
B3.1	The percentage of employees trained by gender and employee category	Development and Training
B3.2	The average training hours completed per employee by gender and employee category	Development and Training
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Prohibition of Forced Labour and Child Labour
B4.1	Description of measures to review employment practices to avoid child and forced labour	Prohibition of Forced Labour and Child Labour
B4.2	Description of steps taken to eliminate such practices when discovered	Prohibition of Forced Labour and Child Labour
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
B5.1	Number of suppliers by geographical region	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Controlling Environmental and Social Risks
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Procurement Policy

Subject Areas	Content	Section
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the Reporting Period, no products were subject to recall due to safety and health concerns.
B6.2	Number of products and service related complaints received and how they are dealt with	Product Responsibility During the Reporting Period, there were no significant complaints or compensation requests against us arising from the quality issue of the products of the Group.
B6.3	Description of practices relating to observing and protecting intellectual property rights	Protection of Privacy and Intellectual Property
B6.4	Description of quality assurance process and recall procedures	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Protection of Privacy and Intellectual Property
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Anti-corruption
B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored	Whistle-blowing Policy
B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment
B8.1	Focus areas of contribution	Community Investment
B8.2	Resources contributed to the focus area	Community Investment

DIRECTORS

The Board consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Xiao Bing (肖兵先生), aged 60, is a son of Professor Xiao Liangyong, the founder of the Company. Mr. Xiao studied in radio technology under the Adult Education College of Xidian University* (西安電子科技大學) from 1984 to 1987 and obtained a Master of Business Administration from China Europe International Business School in 2006. He worked in Xi'an General Factory of Oil Instruments* (西安石油勘探儀器總廠) from 1987 to 1992, served as the manager of Xi'an Haitian Communications Equipment Factory* (西安海天通訊設備廠) from 1992 to 1999 and was the general manager of Xi'an Haitian Communications Equipment Company Limited* (西安海天通訊設備有限公司) from 1999 to 2000. Mr. Xiao joined the Group as an assistant to chairman of the Board since 1999, and was appointed as the general manager of the Company and elected as an executive Director since October 2000. Mr. Xiao was the chairman of the Board from August 2004 to November 2007 and from 31 December 2012 to 28 June 2016, was the vice chairman of the Board from 29 June 2016 to 31 December 2018, and has been the chairman of the Board since 1 January 2019.

Mr. Chen Ji (陳繼先生), aged 50, obtained a Bachelor of Economics from Shanghai University of Finance and Economics* (上海財經大學) in 1997, a Bachelor of Laws from East China University of Political Science and Law* (華東政法學院) in 2005, a Master of Business Administration from Shanghai University of Finance and Economics in 2008 and a Master of Laws from Fudan University* (復旦大學) in 2009. Mr. Chen has extensive experiences in finance, internal control and management. Mr. Chen worked for Air China Limited Shanghai Branch Office* (中國國際航空股份有限公司上海基地) as the office supervisor from July 1997 to August 2001. Mr. Chen served as a senior manager of finance department and a partner of Xinzhuo (China) Consulting Co., Ltd.* (信卓 (中國) 諮詢有限公司) from December 2003 to January 2006. He joined Shanghai Hui Da Feng Law Firm* (上海市滙達豐律師事務所) as a paralegal since February 2006 and became a lawyer and a partner, and was the founder partner of Shanghai Heng Lu Lawyers Alliance (Group) Firm* (上海恒律聯盟律師 (集團) 事務所) in October 2010. Mr. Chen was the vice-chairman of Shanghai Zhongji Investment Holding Co., Ltd.* (上海中技投資控股股份有限公司), a company listed on The Shanghai Stock Exchange, for the period from November 2012 to November 2014. Mr. Chen was appointed as a director and elected as the chairman and the chief executive officer of Zhejiang Xinlian Co., Ltd.* (浙江信聯股份有限公司) on 2 March 2015 and 3 March 2015 respectively. Mr. Chen served as a director of Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司), a company listed on The Shenzhen Stock Exchange, from November 2016 to March 2018, as the vice chairman from June 2017 to March 2018, and has been the chairman and the chief executive since 1 November 2018. Since June 2018, Mr. Chen has served as the chief representative of the Greater China region of the Bilateral Research Institute in the United States. Mr. Chen was an independent non-executive Director from 10 August 2012 to 13 April 2015, was appointed as an executive Director with effect from 13 April 2015, was the chairman of the Board from 29 June 2016 to 31 December 2018, and has been the vice chairman of the Board since 1 January 2019.

Non-Executive Directors

Mr. Li Wenqi (李文琦先生), aged 60, graduated from Shaanxi College of Finance and Economics* (陝西財經學院, now known as Xi'an Jiaotong University* (西安交通大學)). He worked for Shaanxi Silk Import & Export Corporation* (陝西省絲綢進出口公司), which is one of the promoters of the Company, as the deputy chief of planning and finance department from October 1987 to April 1994, the manager of planning and finance department from April 1994 to October 1997, an assistant to general manager and the manager of planning and finance department from October 1997 to May 2001. He has served as the chief accountant and the manager of planning and finance department of Shaanxi Kaisei Group Co., Ltd.* (陝西開成集團有限責任公司) since May 2001, and the general manager of Shaanxi Kaisei Group Co., Ltd. since September 2015. Mr. Li has joined the Company as a non-executive Director since October 2000.

Mr. Zuo Hong (左宏先生), aged 62, graduated from Xidian University* (西安電子科技大學) and obtained the qualification of Senior Engineer in 2005. He was the instructor of Xi'an Armed Police Corps. He took the position of supervisor and chief technical director of the engineering and technology department in Xi'an Huiliaing Electronic Technologies Co., Ltd.* (西安慧良電子科技有限公司) in 1995 and 1997 respectively. He was the chairman and the general manager of Xi'an Tianditong Communication Development Co., Ltd.* (西安天地通通信發展有限公司) in September 1999. Mr. Zuo was appointed as the general manager of Xi'an Haitian Communication System Engineering Co., Ltd.* (西安海天通信系統工程有限公司), a subsidiary of the Company, in July 2006 and as an assistant to the chief executive director of Xi'an Hi-tech Communication Software Co., Ltd.* (西安海泰科通訊軟件有限公司), a subsidiary of the Company, in December 2006. He served as the head of the sales and marketing department of the Company in 2007, was the general manager of the Company from 31 December 2012 to 13 July 2016, and has become the vice general manager of the Company since 13 July 2016. Mr. Zuo was an executive Director for the period from 20 May 2007 to 8 April 2014, and has been appointed as a non-executive Director since 29 June 2016.

Mr. Sun Yikuan (孫義寬先生), aged 55, graduated from Dongbei University of Finance and Economics* (東北財經大學) in 2004 majoring in business administration with a bachelor degree. Mr. Sun worked at Xi'an Graphite Products Factory* (西安石墨製品廠) from February 1990 to January 1994; Haikou Daxin Urban Credit Cooperative* (海口大信城市信用社) as an assistant to manager of capital planning department from January 1994 to September 1997; Hainan Hong Kong and Macau International Trust and Investment Co., Ltd.* (海南港澳國際信托投資有限公司) as a senior manager of capital planning department from October 1997 to October 2001; Western Investment Group Industrial Co., Ltd.* (西部投資集團實業有限公司) as the deputy manager of capital planning department from October 2001 to February 2003; and the industrial investment fund department of Shaanxi Province Industrial Investment Management Co., Ltd.* (陝西省產業投資管理有限公司) from February 2003 to April 2006. Mr. Sun joined Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司), which is one of the promoters of the Company, in April 2006, and successively served as a project manager of the investment planning department, a supervisor and an executive officer of Kaiyuan Mall Baozhen Co., Ltd.* (開元商城寶鷄有 限公司), a supervisor of Xi'an International Medical Centre Co., Ltd.* (西安國際醫學中心有限公司), a director of Shangluo International Medical Centre Hospital Co., Ltd.* (商洛國際醫學中心醫院有限公司), and an assistant to the president of Xi'an International Medical Investment Co., Ltd. until May 2018. From May 2018 to May 2021, Mr. Sun served as the chairman of the labour union, an assistant to the president and a supervisor of Xi'an International Medical Investment Co., Ltd. Mr. Sun has become the vice-president of Xi'an International Medical Investment Co., Ltd. since May 2021. Mr. Sun joined the Company as a non-executive Director with effect from 29 June 2022.

Mr. Chen Ren (陳仁), aged 59, graduated from University of Electronic Science and Technology (formerly known as: Chengdu Institute of Telecommunications Engineering), majoring in electronic engineering. Mr. Chen is currently the chairman of Chengdu Datu Zhitong Technology Co., Ltd. (成都達拓智通科技有限公司) and the chairman and general manager of Chengdu Wuji Hexin Intelligent System Co., Ltd. (成都悟己和信智能系統有限公司). Mr. Chen has previously served as managing director of Sichuan Fengguo Network Technology Co., Ltd. (四川鋒果網絡科技有限公司); deputy general manager of Sichuan Chuangli Information Technology Co., Ltd. (四川創力信息技術有限公司); chairman and general manager of Chengdu Zhongyan Technology Co., Ltd. (成都眾焱科技有限公司); deputy general manager of Guangzhou Bangxun Technology Co., Ltd. (廣州邦訊技術有限公司); chairman and general manager of Shenzhen Xiantaike Technology Co., Ltd. (深圳先泰科科技有限公司); deputy general manager of Shenzhen Shekou Jinnuo Technology Co., Ltd. (深圳蛇口金諾科技有限公司); head of the manufacturing department, head of the planning department and the assistant to the general manager of Shekou Taifeng Electronics Co., Ltd. (蛇口泰豐電子有限公司), manufacturing engineer and quality management engineer of Weili Electronics Company (偉力電子公司) and Yada Electronics Company (雅達電子公司); and a teaching assistant in the Department of Radar and Department of Electronic Engineering at University of Electronic Science and Technology of China (電子科技大學).

Independent Non-Executive Directors

Ms. Wang Qian (王倩女士), aged 38, was appointed as an independent non-executive Director, chairlady of the Audit Committee, member of the Nomination Committee and Remuneration Committee of the Company with effect of 28 June 2025. Ms. Wang graduated with a diploma in accounting from Shandong Agricultural Management Cadre College in June 2009, obtained a bachelor's degree from Xi'an Jiaotong University in January 2013, obtained the qualification of intermediate accountant in September 2017, and obtained the certificate of tax accountant in November 2024; worked in the Finance Department of Xi'an Company of Yuanda Group, from July 2013 to March 2018, worked in the Finance Department of Xi'an Yinji Industrial Co., Ltd., from April 2018 to June 2024, worked in the Finance Department of Xi'an Company of Sunac China Northwest Region, and from July 2024 to January 2025, worked in Construction Engineering Co., Ltd.

Mr. Zhang Yi (張毅先生), aged 56, was appointed as an independent non-executive Director, chairman of the Nomination Committee and chairman of the Remuneration Committee of the Company with effect of 28 June 2025. Mr. Zhang graduated from the Accounting Department of Shaanxi Higher Finance College with a bachelor's degree in accounting in July 1992 and obtained his accountant qualification (intermediate) in November 1998. From August 1992 to January 1996, Mr. Zhang worked in the finance department of Xi'an Tangcheng Group Co., Ltd. From January 1996 to January 2003, he worked as a consultant in the finance department of Xi'an Kaiyuan Mall Shopping Center. From January 2003 to March 2010, he worked in the finance department of our company as a leader. Since March 2010, Mr. Zhang has worked in the Finance Department of Shaanxi Feilong Furniture and Decoration Co., Ltd. From August 2015 to June 2022, Mr. Zhang served as a supervisor of the Company.

Mr. Liu Lidong (劉立東先生), aged 55, graduated from Beijing College of Posts and Telecommunications* (北京郵電學院), now known as Beijing University of Posts and Telecommunications* (北京郵電大學), with bachelor degree in computer communication in July 1992, and obtained a master degree in business administration from Tsinghua University in July 2006. Mr. Liu served as an engineer, supervisor, manager and department head of Guangdong Mobile Communications Co., Ltd. Shenzhen Branch* (廣東移動通信有限責任公司深圳分公司) successively from 1992 to 2006; served as the general manager of Guangdong Mobile Communications Co., Ltd. Meizhou Branch* (廣東移動通信有限責任公司梅州分公司) from 2006 to 2007; served as the regional general manager and integrated department general manager of CMPark Co., Ltd.* (中國移動辛姆巴科有限公司) successively from 2007 to 2009; and served as the executive of Yinsheng Electronic Payment Technologies Co., Ltd* (銀盛電子支付科技有限公司) from 2009 to 2011. Mr. Liu has served as an executive director in Shenzhen Yangyi Technologies Co., Ltd.* (深圳市揚易科技有限公司) since 2011, and has served as the chairman and director of Guangzhou Liuhe Information Technologies Co., Ltd.* (廣州六合信息科技股份有限公司) since 2016. Mr. Liu has been appointed as an independent non-executive Director with effect from 10 May 2021.

AUDIT COMMITTEE PERFORMING SUPERVISORY DUTIES

The Company abolished the Supervisory Committee pursuant to the approval of the Shareholders on 27 June 2025. In accordance with the effective Articles of Association of the Company, the Company no longer has a Supervisory Committee. The supervisory responsibilities previously performed by the Supervisory Committee have been fully assumed by the Audit Committee established by the Board. The Audit Committee consists of one non-executive Director and two independent non-executive Directors, with its scope of authority covering the review of financial reports, supervision of internal controls, oversight of risk management and the review of related party transactions. The Board believes that the current arrangement complies with the Company's governance needs and Listing Rules requirements, and is capable of effectively safeguarding the rights and interests of shareholders.

SENIOR MANAGEMENT

Mr. Wang Yun (王贇先生), aged 45, graduated from School of Economics and Management of Northwest University* (西北大學) majoring in investment and economics in 2002, and obtained a minor diploma in e-commerce from Northwest University in the same year. In 2009, he obtained a Master of Engineering in project management from Northwestern Polytechnical University* (西北工業大學). Mr. Wang was a non-staff representative supervisor of the fourth supervisory committee from March 2019 to March 2021 and has been a non-staff representative supervisor and the chairman of the fifth supervisory committee since March 2021 of Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司), a company listed on The Shenzhen Stock Exchange, and an appointed representative of Shanghai Zhenxi Enterprise Management Consulting Partnership (Limited Partnership)* (上海臻禧企業管理諮詢合夥企業(有限合夥)) since 8 December 2020. After joining the Group in September 2002, he served in the securities department, the finance department and the administration department as the project manager as well as the deputy head and the head of the administration department. Mr. Wang served as the secretary to the Board from 2011 to 2019 and has become the general manager of the Company since 11 December 2019.

Mr. Xu Hao (徐浩先生), aged 54, graduated from Shaanxi Financial Technological College* (陝西財政專科學校) with a major in finance in July 1994 and obtained the accountant qualification. Mr. Xu worked in the finance division of Xi'an State-owned Tractor Factory* (國營西安拖拉機製造廠) from 1994 to 2000, served as the financial supervisor of Xi'an Tianhao Plastic Steel Product Limited Liability Company* (西安添好塑鋼製品有限責任公司) from January 2001 to September 2003, and served as the project manager of Xi'an Pengguang Tax Agent & Bureau Co., Ltd.* (西安鵬光稅務師稅務所有限責任公司) from October 2003 to February 2005. Mr. Xu has worked in the finance department of the Company since March 2005 and is now the financial controller of the Company. Mr. Xu was a staff Supervisor from 18 April 2008 to 17 April 2014 and from 11 September 2015 to 28 June 2016.

Mr. Wang Jianqing (王建青先生), aged 44, graduated from China Central Radio and Television University* (中央廣播電視大學) (now known as The Open University of China) in the business administration in 2007. Mr. Wang worked as a project manager and a project supervisor of the research and development department of the Company from August 2001 to December 2011, a project supervisor of the research and development department and the vice manager of delivery centre in Xi'an Sanyuanda Haitian Antenna Co., Ltd.* (西安三元達海天天綫有限公司) from December 2011 to February 2016, the product manager of Shaanxi Chuangda Communication Technologies Co., Ltd.* (陝西創達通信科技有限公司) from February 2016 to June 2017, and the vice general manager and the head of the research and development department of Xi'an Xiao's Antenna Technologies Co., Ltd.* (西安肖氏天綫科技有限公司) from 2017 to 2019. Mr. Wang has become the vice general manager of the Company since 11 December 2019.

Ms. Lei Xiao (雷霄女士), aged 40, obtained a Bachelor of Administration Management from Air Force Engineering University* (空軍工程大學) in 2008. Ms. Lei worked in the administration and personnel department of the Company from July 2008 to December 2011, worked in Xi'an Sanyuanda Haitian Antenna Co., Ltd.* (西安三元達海天天綫有限公司) from December 2011 to June 2014 as the head of general affairs department and the assistant to the general manager, and served as the head of the securities department of Shaanxi Guode Electric Manufacturing Co., Ltd.* (陝西國德電氣製造有限公司) from June 2014 to March 2015. Ms. Lei has been the head of the investment department of the Company since March 2015, and has been the secretary of the Board since 11 December 2019.

COMPANY SECRETARY

Mr. Lee Kun Yin (李冠賢先生), qualified as a chartered accountant in Australia and is the founder of Inston Hong Kong Limited. He has previously managed the Asia Pacific commission sales and client strategy business in equities for Credit Suisse and Standard Chartered Bank and managed advisory teams for Accenture in Hong Kong. He holds a Master of Commerce Degree from The University of New South Wales and Bachelor of Commerce and Arts Degrees from The University of Melbourne. He is a member of both the Chartered Accountants in Australia & New Zealand and Hong Kong Institute of Certified Public Accountants.

Directors' Report

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Xi'an Haitian Antenna Technologies Co., Ltd. (the "**Company**") is pleased to present this Directors' report together with audited consolidated financial statements of the Company and its subsidiaries (collectively, the"**Group**") for the year ended 31 December 2025 (the "**Year**").

PRINCIPAL ACTIVITIES

The Group is principally engaged in research and development, manufacture and sale of mobile communication antennas and related products, underwater and underground surveillance, imaging, mechanical equipment, and complicated environment warning and surveillance equipment, agricultural and forestry used unmanned aerial vehicles, provision of consultancy services and sales of agricultural products.

An analysis and the outlook of the Group's business are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The principal activities of its subsidiaries are set out in note VIII.1 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the Year together the future business development are set out in the section headed "Management Discussion and Analysis" of this annual report. Save as disclosed in this annual report, there are no significant events affecting the Group that had occurred since the end of the Year up to the date of this annual report.

An account of the Group's relationship with its key stakeholders and discussions on the Group's environmental policies and performance are included in the respective sections headed "Corporate Governance Report" and "Environmental, Social and Governance Report".

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2025 are set out in the consolidated income statement of this annual report.

No interim dividend (2024: Nil) was paid during the Year and the Board did not recommend any payment of a final dividend for the Year (2024: Nil). As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

RELATIONSHIPS WITH KEY PARTIES

The success of the Group also depends upon the support from key parties which include customers, suppliers, employees and shareholders respectively. Accordingly, the senior management has kept good communication, promptly exchanged ideas and shared business updates with them when appropriate. During the year, there was no material and significant dispute between the Group and its business partners, suppliers and customers.

Customers

The Group provides high standard and good quality products to our customers, as well as strong maintenance and after-sales services to maintain a close relationship with our existing customers to encourage re-engagement and/or referral.

Suppliers

Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its suppliers in order to provide products and services with high efficiency and quality so as to further enhance our reputation in the market.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment. The key objective of our human resources management is to recognise and reward performing staff by providing competitive remuneration packages, work-life balances and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with potential dividend payouts by taking into account the business development needs and financial position of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. The Group is committed to building an environmentally-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimise its impact on the environment by reducing its electricity consumption and encouraging recycle of office supplies and other materials. The Board has established an ESG Working Group to manage ESG related matters within each business division of the Company and keep monitoring and overseeing the progress against corporate goals and targets. The Company believes that ESG issues are important considerations in effectively managing risk and achieving superior long-term results for investments. For further details, please refer to the "Environmental, Social and Governance Report" section of this annual report.

The Group's business is primarily subject to the relevant environmental laws and regulations of mainland China and Hong Kong. During the year ended 31 December 2025, the Group was not subject to any material environmental claims, lawsuits, penalties, administrative or disciplinary actions.

Overall, the Group is committed to the long-term sustainability of its businesses and the communities with which it engages. The Group pursues this business approach by managing the business prudently and executing management decision with due care and attention.

SEGMENT INFORMATION

Details of the segment information of the Group for the year are set out in note XVI.2 to the Financial Statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles, the reserve available for distribution is the lower of amount determined under accounting principles generally accepted in the PRC and the amount determined under the principles generally accepted in Hong Kong if applicable. Based on the financial statements of the Company prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC, the Company does not have any reserves available for distribution to its equity holders as at 31 December 2025.

KEY RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Risks relating to the industry

The products Business of the Group depends substantially on the global economic and market conditions. During period of slowing economic growth or recession and trade conflicts, consumer spending may drop as they are less willing to spend money. A drop in customer spending power could lead to a drop in demand for production lines which in turn lower the demand of our products and thereby adversely affecting our results of operations and financial condition. To manage and reduce the risk, the Board carefully plan and monitor any expansion of business in caution.

Risks relating to concentration of suppliers

There is no assurance that our business relationship with our suppliers will continue in the future. To reduce the risk, the Group proactively tries to expand its supplier base for high quality suppliers in which it has achieved an improvement.

Risks relating to conducting business in the PRC

Our results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as substantial part of our assets and business operation are located in PRC. The economic, political and social conditions, as well as government policies, including taxation policies, could affect our business. To manage the risk, senior management would closely monitor economic, political, legal, institutional and social developments in the PRC while maintaining conservative treasury policy.

Financial risks
Details of financial risks are set out in note X to the consolidated financial statements.

RESERVES
Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in shareholders' equity of this annual report and notes V.24 to 26 to the financial statements respectively.

FIVE YEAR FINANCIAL SUMMARY
A financial summary of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 198 in this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL
Details of the movements in the Company's share capital during the year are set out in note V.23 to the financial statements.

EQUITY-LINKED AGREEMENTS AND SHARE OPTION SCHEMES
During the year, the Company has not entered into any equity-linked agreement and has not undertaken any share option scheme.

PROPERTY, PLANT AND EQUIPMENT
Details of movements in the property, plant and equipment of the Group during the Year are set out in notes V.7 and V.8 to the financial statements.

DIRECTORS
The Directors during the year and up to the date of this annual report were/are:

Executive Directors
Mr. Xiao Bing *(chairman)*
Mr. Chen Ji *(vice-chairman)*

Non-Executive Directors
Mr. Li Wenqi
Mr. Sun Yikuan
Mr. Zuo Hong
Mr. Chen Ren

Independent Non-Executive Directors
Mr. Liu Lidong
Ms. Wang Qian (appointed on 28 June 2025)
Mr. Zhang Yi (appointed on 28 June 2025)
Professor Shi Ping (retired on 27 June 2025)
Mr. Tu Jijun (retired on 27 June 2025)

The Supervisory Committee was abolished following approval by the Shareholders at the Annual General Meeting on 27 June 2025. Each of the Supervisors retired as Supervisor with effect from 28 June 2025 and the Company no longer has a Supervisory Board or supervisors, with the Audit Committee exercising the powers and functions of the Supervisory Board. Please refer to the circular of the Company dated 5 June 2025 and the announcement of the Company dated 27 June 2025 for further details.

Independence of Independent Non-Executive Directors

The Company has complied with the requirements under Rules 5.05 and 5.05A of the Listing Rules. The Company has received confirmation of independence from all three independent non-executive Directors in accordance with Rule 5.09 of the Listing Rules. The Board, through the Nomination Committee, has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this annual report.

Directors' service contracts

Each of the Directors has entered into a service contract with the Company for a term valid until 27 June 2028 subject to renewal upon approval by the shareholders of the Company for one or more consecutive terms of three years. In accordance with the provisions of the Articles, the term of office of the Directors shall be three years commencing from the date of appointment or re-election and renewable upon re-appointment or re-election.

Other than as disclosed above, none of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Supervisors' emoluments

Details of emoluments of Directors and Supervisors are set out in note XII.5 to the financial statements.

CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company abolished the Supervisory Committee pursuant to the approval of the Shareholders on 27 June 2025. In accordance with the effective Articles of Association of the Company, the Company no longer has a Supervisory Committee.

There has been no changes to the Directors' and senior management's information since the publication of the 2025 interim Report of the Company as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules during the year ended 31 December 2025.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

Name of person	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Mr. Xiao Bing (肖兵先生)	Beneficial owner, family member interest and interest in controlled corporation	485,832,335 *(Note 1)*	38.81%	25.60%
Mr. Chen Ji (陳繼先生)	Interest in controlled corporation	272,844,804 *(Note 2)*	21.80%	14.38%

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

Name of person	Capacity	Number of H Shares	Approximate % in total issued H Shares	Approximate % in total issued Shares
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.53%
Mr. Chen Ji (陳繼先生)	Beneficial owner and spouse interest	11,718,000 *(Note 3)*	1.81%	0.62%

Notes:

1. 328,363,637 Domestic Shares are held by Xi'an Tian An Corporate Management and Consulting Co., Ltd.* (西安天安企業管理諮詢有限公司) ("**Tian An Corporate**"), which is beneficially owned as to 60% by Mr. Xiao Bing (肖兵先生) and 40% by his spouse Ms. Chen Jing (陳靜女士). 157,468,698 Domestic Shares are held by Xi'an Xiao's Antenna Technologies Co., Ltd.* (西安肖氏天綫科技有限公司) ("**Xiao Antenna**"), which is beneficially owned as to 31% by his father Professor Xiao Liangyong (肖良勇教授) and as to 30% by his spouse Ms. Chen Jing. On 10 August 2023, Professor Xiao Liangyong transferred his 31% share of Xiao Antenna to Ms. Chen Jing. By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 and 157,468,698 Domestic Shares. In the 2nd quarter of 2023, Mr. Xiao Bing transferred his 57,000,000 and 8,000,000 Domestic Shares to Mr. Chen Ren and Ms. Ma Xiuling, respectively. In December 2025, following a capital injection of 9,000,000 shares into Xi'an Xiao's Antenna Technologies Co., Ltd. by Beiyan Group Limited* (北研集團有限公司) ("**Beiyan Group**"), Beiyan Group became a substantial shareholder, and the shareholding ratio of Ms. Chen Jing in the said company was diluted from 61% to 6.1%. Subsequently, at the end of April 2026, Beiyan Group entered into a capital reduction agreement with the shareholders of the company to withdraw the 9,000,000 shares previously injected, thereby restoring the shareholding structure of the company to its former state.

2. 254,844,804 Domestic Shares are held by Shanghai Gaoxiang Investment Management Co., Ltd.* (上海高湘投資管理有限公司) ("**Gaoxiang Investment**"), which is beneficially owned by Mr. Chen Ji (陳繼先生) and his spouse Ms. Sun Xiangjun (孫湘君女士) in equal share. The Domestic Shares held by Shanghai Hongzhen Ningshang Investment Management Partnership (limited partnership)* (上海泓甄寧尚投資管理合夥企業 (有限合夥)) ("**Shanghai Hongzhen Ningshang**") reduced from 18,500,000 to 18,000,000. In the 2nd quarter of 2023, Shanghai Hongzhen Ningshang transferred its 500,000 Domestic Shares to Mr. Song Xiangyu. Shanghai Hongzhen Ningshang is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment Management Co., Ltd.* (上海泓甄投資管理有限公司) ("**Shanghai Hongzhen Investment**"), and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 254,844,804 and 18,000,000 Domestic Shares.

3. 11,418,000 H Shares are held by Mr. Chen Ji and 300,000 H Shares are held by Ms. Sun Xiangjun. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 300,000 H Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests and short positions in any Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2025, so far as is known to the Directors or chief executive of the Company, the following persons/entities (other than the Directors or chief executive of the Company) who/which had, or are deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who/which were or are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in Domestic Shares

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Ms. Chen Jing (陳靜女士)	Spouse interest and interest in controlled corporation	485,832,335 *(Note 1)*	38.81%	25.60%
Tian An Corporate	Beneficial owner	328,363,637 *(Note 1)*	26.23%	17.30%
Ms. Sun Xiangjun (孫湘君女士)	Spouse interest and interest in controlled corporation	272,844,804 *(Note 2)*	21.80%	14.38%
Gaoxiang Investment	Beneficial owner	254,844,804 *(Note 2)*	20.36%	13.43%
Xiao Antenna	Beneficial owner	157,468,698 *(Note 1)*	12.58%	8.30%
Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司)	Beneficial owner	100,000,000	7.99%	5.27%
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司)	Beneficial owner	75,064,706 *(Note 3)*	5.99%	3.96%
Mr. Xiao Feng (肖峰先生)	Interest in controlled corporation	75,064,706 *(Note 3)*	5.99%	3.96%

Name of person/entity	Capacity	Number of Domestic Shares	Approximate % in total issued Domestic Shares	Approximate % in total issued Shares
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司)	Beneficial owner	70,000,000 *(Note 4)*	5.59%	3.69%
Mr. Wang Yun (王贇先生)	Interest in controlled corporation	70,000,000 *(Note 4)*	5.59%	3.69%
Mr. Chen Ren (陳仁先生)	Beneficial owner	57,000,000	4.55%	3.00%
Beijing Holdings Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司)	Beneficial owner	54,077,941 *(Note 5)*	4.32%	2.85%
Beijing Holdings (Group) Ltd.* (京泰實業 (集團) 有限公司)	Interest in controlled corporation	54,077,941 *(Note 5)*	4.32%	2.85%
Ms. Jin Rongfei (金嶸霏女士)	Beneficial owner	50,000,000	3.99%	2.64%
Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司)	Beneficial owner	20,000,000	1.60%	1.05%
Mr. Zhang Jiandong (張建東先生)	Beneficial owner	20,000,000	1.60%	1.05%
Shanghai Ruikou Commerce and Trading Ltd.* (上海睿寇商貿有限公司)	Beneficial owner	18,500,000	1.48%	0.97%
Shanghai Hongzhen Ningshang	Beneficial owner	18,000,000 *(Note 2)*	1.44%	0.95%
Mr. Jiao Chengyi (焦成義先生)	Beneficial owner	10,943,030	0.87%	0.58%
Mr. Liao Kang (廖康先生)	Beneficial owner	9,101,478	0.73%	0.48%
Ms. Ma Xiuling (麻秀玲女士)	Beneficial owner	8,000,000	0.64%	0.42%
Mr. Song Xiangyu (宋祥雨先生)	Beneficial owner	500,000	0.04%	0.03%

Long positions in H Shares

Name of person/entity	Capacity	Number of H Shares *(Note 6)*	Approximate % in total issued H Shares	Approximate % in total issued Shares
Mr. Huang Li Hou (黃李厚先生)	Beneficial owner	85,100,000	13.18%	4.48%
Ms. Chen Wei (陳瑋女士)	Beneficial owner and interest in controlled corporation	70,897,000 *(Note 7)*	10.98%	3.74%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司)	Beneficial owner	70,752,000 *(Note 7)*	10.96%	3.73%
Oceanic Bliss Holdings Limited (海祥控股有限公司)	Interest in controlled corporation	70,752,000 *(Note 7)*	10.96%	3.73%
Zeal Warrior Investments Limited	Interest in controlled corporation	70,752,000 *(Note 7)*	10.96%	3.73%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 *(Note 8)*	6.50%	2.21%
Ms. Huang Wei Wen (黃偉汶女士)	Interest in controlled corporation	42,000,000 *(Note 8)*	6.50%	2.21%
Ms. Sun Xiangjun (孫湘君女士)	Beneficial owner and spouse interest	11,718,000 *(Note 9)*	1.81%	0.62%
Guotai Junan Financial	Issuer of investment products	23,500,000 *(Note 10)*	3.64%	1.24%
Guotai Junan International	Interest in controlled corporation	23,500,000 *(Note 10)*	3.64%	1.24%
Guotai Junan Holdings	Interest in controlled corporation	23,500,000 *(Note 10)*	3.64%	1.24%
Guotai Junan Securities	Interest in controlled corporation	23,500,000 *(Note 10)*	3.64%	1.24%

Short positions in H Shares

Name of person/entity	Capacity	Number of underlying H Shares *(Note 6)*	Approximate % in total issued H Shares	Approximate % in total issued Shares
Guotai Junan Financial	Issuer of unlisted and cash settled derivatives	23,500,000 *(Note 11)*	3.64%	1.24%
Guotai Junan International	Interest in controlled corporation	23,500,000 *(Note 11)*	3.64%	1.24%
Guotai Junan Holdings	Interest in controlled corporation	23,500,000 *(Note 11)*	3.64%	1.24%
Guotai Junan Securities	Interest in controlled corporation	23,500,000 *(Note 11)*	3.64%	1.24%

Notes:

1. 328,363,637 Domestic Shares are held by Tian An Corporate, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by his spouse Ms. Chen Jing. 157,468,698 Domestic Shares are held by Xiao Antenna, which is beneficially owned as to 31% by his father Professor Xiao Liangyong and as to 30% by his spouse Ms. Chen Jing. In the 2nd quarter of 2023, Mr. Xiao Bing transferred his 57,000,000 and 8,000,000 Domestic Shares to Mr. Chen Ren and Ms. Ma Xiuling, respectively. On 10 August 2023, Professor Xiao Liangyong transferred his 31% share of Xiao Antenna to Ms. Chen Jing. By virtue of the SFO, Ms. Chen Jing is deemed to be interested in the same 328,363,637 and 157,468,698 Domestic Shares. In December 2025, following a capital injection of 9,000,000 shares into Xi'an Xiao's Antenna Technologies Co., Ltd. by Beiyan Group Limited* (北研集團有限公司)("**Beiyan Group**"), Beiyan Group became a substantial shareholder, and the shareholding ratio of Ms. Chen Jing in the said company was diluted from 61% to 6.1%. Subsequently, at the end of April 2026, Beiyan Group entered into a capital reduction agreement with the shareholders of the company to withdraw the 9,000,000 shares previously injected, thereby restoring the shareholding structure of the company to its former state.

2. 254,844,804 Domestic Shares are held by Gaoxiang Investment, which is beneficially owned by Mr. Chen Ji and his spouse Ms. Sun Xiangjun in equal share. 18,000,000 Domestic Shares are held by Shanghai Hongzhen Ningshang, which is beneficially owned as to 83.33% by Mr. Chen Ji and 16.67% by Shanghai Hongzhen Investment, and Shanghai Hongzhen Investment is beneficially owned as to 60% by Gaoxiang Investment. By virtue of the SFO, Ms. Sun Xiangjun is deemed to be interested in the same 254,844,804 and 18,000,000 Domestic Shares.

3. 75,064,706 Domestic Shares are held by Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司), which is beneficially owned as to 80% by Mr. Xiao Feng (肖峰先生). By virtue of the SFO, Mr. Xiao Feng is deemed to be interested in the same 75,064,706 Domestic Shares.

4. 70,000,000 Domestic Shares are held by Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司), which is beneficially owned as to 50% by Mr. Wang Yun (王贇先生). By virtue of the SFO, Mr. Wang Yun is deemed to be interested in the same 70,000,000 Domestic Shares.

5. 54,077,941 Domestic Shares are held by Beijing Holdings Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司)("**Beijing Holdings**"). By virtue of the SFO, Beijing Holdings (Group) Ltd.* (京泰實業 (集團) 有限公司), which holds more than one third of voting rights of Beijing Holdings, is deemed to be interested in the same 54,077,941 Domestic Shares.

6. Details of these shareholders of the Company are based on information as set out in the website of the Stock Exchange and notified by the Disclosure of Interests Online System of the Stock Exchange.

7. 145,000 H Shares are held by Ms. Chen Wei (陳瑋女士) who is beneficial owner of Zeal Warrior Investments Limited ("**Zeal Warrior**"). 70,752,000 H Shares are held by Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司), which is beneficially owned by Oceanic Bliss Holdings Limited (海祥控股有限公司) ("**Oceanic Bliss**"), and Oceanic Bliss is beneficially owned by Zeal Warrior. By virtue of the SFO, each of Ms. Chen Wei, Oceanic Bliss and Zeal Warrior is deemed to be interested in the same 70,752,000 H Shares.

8. 42,000,000 H Shares are held by Clear Renown Global Limited (朗譽環球有限公司), which is beneficially owned by Ms. Huang Wei Wen (黃偉汶女士). By virtue of the SFO, Ms. Huang Wei Wen is deemed to be interested in the same 42,000,000 H Shares.

9. 11,418,000 H Shares are held by Mr. Chen Ji and 300,000 H Shares are held by Ms. Sun Xiangjun. By virtue of the SFO, Ms. Sun Xiangjun is deemed to be interested in the same 11,418,000 H Shares.

10. 23,500,000 H Shares are held in investment products issued by Guotai Junan Financial Products Limited ("**Guotai Junan Financial**"), which is beneficially owned by Guotai Junan International Holdings Limited ("**Guotai Junan International**"). Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings Limited ("**Guotai Junan Holdings**"), which is beneficially owned by Guotai Junan Securities Co., Ltd ("**Guotai Junan Securities**"). By virtue of the SFO, each of Guotai Junan International, Guotai Junan Holdings and Guotai Junan Securities is deemed to be interested in the same 23,500,000 H Shares.

11. Short positions in 23,500,000 underlying H Shares are derived from unlisted and cash settled derivatives issued by Guotai Junan Financial, which is beneficially owned by Guotai Junan International. Guotai Junan International is beneficially owned as to 65.74% by Guotai Junan Holdings, which is beneficially owned by Guotai Junan Securities. By virtue of the SFO, each of Guotai Junan International, Guotai Junan Holdings and Guotai Junan Securities is deemed to have short position in the same 23,500,000 underlying H Shares.

Save as disclosed above, as at 31 December 2025, the Directors and chief executives of the Company were not aware of any other person/entity (other than the Directors or chief executive of the Company) who/which had, or is deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who/which was or is expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who/which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As at 31 December 2025, so far as is known to the Directors and chief executives of the Company, none of the Directors or chief executives of the Company or any of their respective associates including spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for H Shares (or warrants or debentures, if applicable) or to acquire H Shares.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, and neither the Directors nor chief executives of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company had not purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025 and up to the date of this report. As at 31 December 2025, no treasury shares were held by the Company.

ISSUANCE OF NEW SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the year ended 31 December 2025 (2024: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares (excluding treasury shares) was held by the public as at the latest practicable date prior to the issue of this report.

COMPETING INTERESTS

None of the Directors, the Supervisors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an interest in any business which competes or may compete, directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions" and except for Directors' service contacts, no Director or Supervisor had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2025.

DONATIONS

During the year ended 31 December 2025, the Group made no charitable and other donations.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

For the year ended 31 December 2025, the Group did not have any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures. There was no formal plan authorised by the Board for any material investments, acquisitions or disposals of subsidiaries, associates or joint ventures as at 31 December 2025 and up to the date of this annual report.

FUND RAISING ACTIVITIES

There were no fund-raising activities conducted by the Company during the year ended 31 December 2025.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group's major operations are mainly carried out in Mainland China and Hong Kong, while the Company listed on the GEM of the Stock Exchange. The Group always aims to comply with relevant laws and regulations in Mainland China, Hong Kong and the respective places of incorporation of the Company and its subsidiaries while sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. As far as the Directors and management of the Company are aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

TRUST DEPOSITS

As at 31 December 2025, neither the Company nor any of its subsidiaries placed any trust deposits with any financial institutions within or outside the PRC.

During the year and up to the date of this annual report, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group. Save as disclosed in Note XVI.1 of the consolidated financial statements, the Company was not involved in any material legal proceedings, contingent liabilities, litigation or arbitration during the Year. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Year.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 December 2025, details of significant transactions with the Company's related parties or transactions undertaken are set out in the Note XII to the consolidated financial statements. None of those transactions constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules. During the year ended 31 December 2025, the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules throughout the year. Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" section of this annual report.

INDEMNITY OF DIRECTORS

At no time during the year ended 31 December 2025 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors (whether made by the Company or other parties) or any of those of an associated company (if made by the Company).

The Company took out directors' liability insurance for Directors and Supervisors during the year. The relevant insurance covers the liability of Directors and Supervisors and the related costs incurred by the Directors and Supervisors in respect of potential legal proceedings against them arising out of corporate activities.

TAX RELIEF AND EXEMPTION FOR H SHAREHOLDERS

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after 31 December 2025 and up to the date of this annual report, which would materially affect the Group's operating and financial performance.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by SHINEWING Certified Public Accountants LLP ("Shinewing"). A resolution will be proposed at the forthcoming annual general meeting to re-appoint Shinewing as the auditors of the Group.

The Group has not changed its external auditor in any of the preceding 3 years.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors are not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 and 17.43 of the GEM Listing Rules.

OUTLOOK

The Company will continue to develop and grow while aiming to improve its financial position, business operation and industry reputation in order to create long-term value for shareholders.

On behalf of the Board

Xiao Bing
Chairman

Xi'an, the PRC
31 March 2026

Audit Report

信永中和会计师事务所
ShineWing
certified public accountants
北京市东城区朝阳门北大街8号
富华大厦A座9层
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To all shareholders of Xi'an Haitian Antenna Technologies Co., Ltd.,

I. AUDIT OPINION

We have audited the attached financial statements of Xi'an Haitian Antenna Technologies Co., Ltd. (hereinafter referred to as Haitian Antenna), including Consolidated and Parent Company's Balance Sheets on 31 December 2025, Consolidated and Parent Company's Income Statements, Consolidated and Parent Company's Cash Flow Statements, Consolidated and Parent Company's Statements of Changes in Shareholders' Equity, and related Notes to Financial Statements for 2025.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and parent company's financial positions of Haitian Antenna as at 31 December 2025, and its consolidated and parent company's financial performance and cash flows for 2025 in accordance with the Accounting Standards for Business Enterprises.

II. BASIS TO FORM AUDIT OPINION

We have conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. The section in the auditor's report titled "CPAs' Responsibilities for the Audit of the Financial Statements" further describes our responsibilities under these standards. We conduct our audit independent of Haitian Antenna in accordance with the China Code of Ethics for Certified Public Accountants and fulfil other responsibilities in ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, which has provided a basis for expressing our audit opinion.

III. MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We remind users of the financial statements to note that as stated in the Note "II.2 Going Concern" to the financial statements, net profit for 2025 is RMB-8,872,595.64, and it continues to suffer losses; at of the end of 2025, the net assets was RMB-55,631,778.79; for 2025, the operating income was RMB27,578,264.42 and the net operating cash flow was RMB-1,639,944.34; at the end of the year, the current liabilities were higher than the total current assets by RMB61,877,034.73. Haitian Antenna disclosed the proposed improvement measures in the notes to the financial statements, but there are still major uncertainties in matters or conditions that may cause major doubts about the ability to operate on an on-going basis. It may not be able to obtain sufficient funds in normal operations to meet the Company's working capital needs. This matter does not affect the issued audit opinion.

IV. KEY AUDIT MATTERS

Key audit matters are the most important matters for the audit of the current financial statements according to our professional judgment. These matters were addressed in the context of our audit for the entire financial statements and the formation of our opinions thereon. We do not declare a separate opinion on these matters. In addition to the matters described in the section headed "Material Uncertainties Related to Going Concern", we have determined that the following matters are key audit matters that need to be communicated in the audit report.

IV. KEY AUDIT MATTERS *(Continued)*

1. Matter on impairment of advanced payments for purchase of land and real estate

Key audit matters	Countermeasures in the audit
As stated in Note V.11 and Note XVI.1 of the financial statements, the book balance of Haitian Antenna's other non-current assets was RMB18,814,410.00 (including related fees paid on behalf of others) at the end of December 2025, and impairment provisions of RMB16,157,549.84 have been made. In 2016, Haitian Antenna paid advanced payments of RMB18,546,000.00 to Xi'an Xiangyu Aviation Technology Co., Ltd. (hereinafter referred to as Xiangyu Aviation) for the land and aboveground buildings 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. As of 31 December 2025, Haitian Antenna had not paid the remaining purchase price of RMB21,454,000.00, and the aforesaid land and aboveground building property rights have not been transferred to Haitian Antenna. Based on the implementation status of other legal matters of Xiangyu Aviation, Haitian Antenna's management engaged a lawyer to give professional advice on the litigation between Haitian Antenna and Xiangyu Aviation and perform impairment calculation on the above-mentioned advanced payments. As the advanced payments for the purchase of land and above-ground buildings with signs of impairment were tested for impairment in which the judgments and estimates of the management and lawyer were involved, and errors or potential management biases may exist, we therefore identified the impairment of the advanced payments for purchase of land and above-ground buildings as a key audit matter.	We design the following audit procedures: (1) Reviewing the legal advice of lawyer engaged by Haitian Antenna on the purchase of land and above-ground buildings to understand the relevant legal relationship and legal consequences. (2) Discussing with management the possible impairment indicators for advanced payments and reviewing management's assessment of the possible impairment indicators. (3) Evaluating the impairment calculations conducted by the management, reviewing and evaluating the judgments, estimates, and selected valuation methods adopted by the management, and analysing their reasonableness. (4) Reviewing the adequacy and completeness of relevant disclosures in the notes to the financial statements.

IV. KEY AUDIT MATTERS *(Continued)*

2. Matter on impairment of intangible assets

Key audit matters	Countermeasures in the audit
As mentioned in Note V.9 of the financial statements, as of 31 December 2025, the original book value of the patented technology of Suzhou Haitian New Antenna Technologies Co., Ltd., a subsidiary of Haitian Antenna, was RMB63,600,000.00, and the book value was RMB11,660,657.64, which was an important part of the assets of Haitian Antenna. Judgments and impairment tests on the indication of impairment of relevant patented technology are material to the financial statements of Haitian Antenna. The management of Haitian Antenna exercises judgments on the impairment of the patented technology at the end of each year, and introduces external experts to perform impairment tests on the patented technology. Since the impairment test of patent with indication of impairment involves significant judgments and estimates made by the management, and there may exist errors or potential management biases, hence, we identify the impairment of intangible assets as a key audit matter.	We design the following audit procedures: (1) Discussing possible signs of impairment with the management and evaluating the impairment tests conducted by the management and appraisers. (2) Reviewing the evaluation report prepared by the independent evaluation agency on 31 December 2025, and evaluating the competence, experience and objectivity of external experts; examine the parameters and method selected by the evaluation agency in the impairment test and judged its reasonableness. (3) Reviewing the expected future annual sales revenue or operating performance of the patent. (4) Reviewing the adequacy and completeness of relevant disclosures in the notes to the financial statements.

V. OTHER INFORMATION

Haitian Antenna's management (hereinafter referred to as the management) is responsible for other information. Other information includes the information covered in 2025 annual report of Haitian Antenna, but excludes the financial statements and our audit report.

Our opinion on the financial statements does not include other information, and we neither express any form of authentication opinion for other information.

Based on our audit of financial statements, we bear the responsibility of reading other information and considering whether there is any significant inconsistence or seemingly material misstatement between other information and the financial statements or situations obtained by us in the audit process.

If, based on the work we have performed, we conclude that there is a material misstatement in such other information, we are required to report that fact. We have nothing to report in this regard.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for design, implementation and maintenance of internal control that is deemed necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparation of the financial statement, the management is responsible for assessing Haitian Antenna's going-concern ability, disclosing the going-concern related items (if applicable) and applying going-concern assumptions, unless otherwise the management plans to liquidate Haitian Antenna, stop operation or it has no other practical choice.

The governing level is responsible for supervising the financial reporting process of Haitian Antenna.

VII. CPAS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AUDIT

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users would take on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent practices is higher than that resulting from mistakes, as fraudulent practices may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.

(3) Assess the appropriateness of adopted accounting policies and the reasonableness of accounting estimates and disclosures made by the management.

(4) Conclude the appropriateness of the going-concern assumption made by the management. Meanwhile, based on the audit evidence obtained, the conclusion is drawn on whether there is significant uncertainty in the matters or any circumstances that may lead to major doubts about Haitian Antenna's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements; if such disclosures are inadequate, we shall give our unqualified opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, the matter or situation in the future may cause Haitian Antenna to cease to continue as a going concern.

VII. CPAS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AUDIT *(Continued)*

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Haitian Antenna to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit on the Group, and we remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall not be communicated in our report because the adverse consequences of doing so will reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants
(special general partnership)

Certified Public Accountant of China:
(Project partner)

Certified Public Accountant of China:

Beijing, China

31 March 2026

Consolidated Balance Sheet

31 December 2025

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

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash at bank and on hand	*V.1*	**1,343,249.88**	3,134,837.66
Financial assets held for trading		•	•
Notes receivable		•	•
Accounts receivable	*V.2*	**24,185,438.40**	12,389,106.14
Receivables financing		•	•
Advanced payments	*V.3*	**185,141.30**	90,920.75
Other receivables	*V.4*	**671,969.17**	1,111,606.65
Of which: Interest receivable		•	•
Dividends receivable		•	•
Inventories	*V.5*	**8,362,876.21**	10,081,518.11
Contractual assets		•	•
Held-for-sale assets		•	•
Non-current assets due within one year		•	•
Other current assets	*V.6*	**3,021.53**	10,034.08
Total current assets		**34,751,696.49**	26,818,023.39
Non-current assets:			
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	*V.7*	**2,543,950.17**	3,075,813.05
Projects under construction		•	•
Bearer biological assets		•	•
Oil and gas assets		•	•
Right-of-use assets	*V.8*	**444,124.82**	413,708.89
Intangible assets	*V.9*	**11,660,657.64**	16,431,586.22
Development expenditure		•	•
Goodwill		•	•
Long-term deferred expenses		•	•
Deferred income tax assets	*V.10*	•	13,857.18
Other non-current assets	*V.11*	**2,656,860.16**	3,246,202.23
Total non-current assets		**17,305,592.79**	23,181,167.57
Total assets		**52,057,289.28**	49,999,190.96

Consolidated Balance Sheet

31 December 2025

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

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	*V.13*	**3,506,533.33**	3,506,533.33
Financial liabilities held for trading		•	•
Notes payable		•	•
Accounts payable	*V.14*	**16,574,713.90**	11,407,942.25
Advanced receipts		•	•
Contractual liabilities	*V.15*	**53,691.77**	102,191.16
Payroll payable	*V.16*	**13,727,766.04**	12,199,365.47
Taxes payable	*V.17*	**4,746,124.02**	2,836,115.29
Other payables	*V.18*	**57,907,564.69**	55,922,400.65
Of which: Interest payable		•	•
Dividends payable		•	•
Fees and commissions payable		•	•
Reinsurance amounts payable		•	•
Held-for-sale liabilities		•	•
Non-current liabilities due within one year	*V.19*	**105,357.54**	237,037.37
Other current liabilities	*V.20*	**6,979.93**	13,284.84
Total current liabilities		**96,628,731.22**	86,224,870.36
Non-current liabilities:			
Insurance contract reserves		•	•
Long-term borrowings		•	•
Bonds payable		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Lease liabilities	*V.21*	**292,964.30**	145,408.26
Long-term payables	*V.22*	**10,767,372.55**	10,377,094.15
Long-term payroll payable		•	•
Estimated liabilities		•	•
Deferred incomes		•	•
Deferred income tax liabilities	*V.10*	•	11,001.34
Other non-current liabilities		•	•
Total non-current liabilities		**11,060,336.85**	10,533,503.75
Total liabilities		**107,689,068.07**	96,758,374.11

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

Item	Note	31 December 2025	31 December 2024
Shareholders' equity:			
Share capital	*V.23*	**189,762,900.00**	189,762,900.00
Other equity instruments		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Capital reserves	*V.24*	**202,569,046.27**	202,569,046.27
Less: Treasury shares		•	•
Other comprehensive income		•	•
Special reserves		•	•
Surplus reserves	*V.25*	**16,435,819.34**	16,435,819.34
General risk reserves		•	•
Undistributed profits	*V.26*	**-466,802,407.35**	-458,090,029.50
Total shareholders' equity attributable to the parent company		**-58,034,641.74**	-49,322,263.89
Minority shareholders' equity		**2,402,862.95**	2,563,080.74
Total shareholders' equity		**-55,631,778.79**	-46,759,183.15
Total liabilities and shareholders' equity		**52,057,289.28**	49,999,190.96

Legal representative: Person in charge of accounting: Head of the accounting department:

Balance Sheet of Parent Company

31 December 2025

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

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash at bank and on hand		263,353.08	723,175.72
Financial assets held for trading		•	•
Notes receivable		•	•
Accounts receivable	*XVII.1*	22,105,452.26	9,452,771.01
Receivables financing		•	•
Advanced payments		171,097.30	29,218.87
Other receivables	*XVII.2*	42,975,873.78	47,973,772.22
Of which: Interest receivable		•	•
Dividends receivable		•	•
Inventories		5,123,197.63	5,499,406.06
Contractual assets		•	•
Held-for-sale assets		•	•
Non-current assets due within one year		•	•
Other current assets		•	•
Total current assets		70,638,974.05	63,678,343.88
Non-current assets:			
Creditor's right investment		•	•
Other creditor's right investment		•	•
Long-term receivables		•	•
Long-term equity investments	*XVII.3*	39,458,068.73	42,658,068.73
Other equity instrument investments		•	•
Other non-current financial assets		•	•
Investment properties		•	•
Fixed assets		958,651.81	848,559.11
Projects under construction		•	•
Bearer biological assets		•	•
Oil and gas assets		•	•
Right-of-use assets		•	•
Intangible assets		•	3,705.30
Development expenditure		•	•
Goodwill		•	•
Long-term deferred expenses		•	•
Deferred income tax assets		•	•
Other non-current assets		2,656,860.16	3,246,202.23
Total non-current assets		43,073,580.70	46,756,535.37
Total assets		113,712,554.75	110,434,879.25

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

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings		3,506,533.33	3,506,533.33
Financial liabilities held for trading		•	•
Notes payable		•	•
Accounts payable		19,151,308.21	14,871,459.63
Advanced receipts		•	•
Contractual liabilities		53,539.82	102,191.16
Payroll payable		9,145,467.97	8,806,693.45
Taxes payable		4,433,054.52	2,560,806.53
Other payables		49,112,964.30	47,180,519.80
Of which: Interest payable		•	•
Dividends payable		•	•
Held-for-sale liabilities		•	•
Non-current liabilities due within one year		•	•
Other current liabilities		6,960.18	13,284.84
Total current liabilities		85,409,828.33	77,041,488.74
Non-current liabilities:			
Long-term borrowings		•	•
Bonds payable		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Lease liabilities		•	•
Long-term payables		10,767,372.55	10,377,094.15
Long-term payroll payable		•	•
Estimated liabilities		•	•
Deferred incomes		•	•
Deferred income tax liabilities		•	•
Other non-current liabilities		•	•
Total non-current liabilities		10,767,372.55	10,377,094.15
Total liabilities		96,177,200.88	87,418,582.89

Balance Sheet of Parent Company

31 December 2025

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

Item	*Note*	31 December 2025	31 December 2024
Shareholders' equity:			
Share capital		189,762,900.00	189,762,900.00
Other equity instruments		•	•
Of which: Preferred shares		•	•
Perpetual bonds		•	•
Capital reserves		200,460,762.84	200,460,762.84
Less: Treasury shares		•	•
Other comprehensive income		•	•
Special reserves		•	•
Surplus reserves		16,435,819.34	16,435,819.34
Undistributed profits		-389,124,128.31	-383,643,185.82
Total shareholders' equity		17,535,353.87	23,016,296.36
Total liabilities and shareholders' equity		113,712,554.75	110,434,879.25

Legal representative: Person in charge of accounting: Head of the accounting department:

Consolidated Income Statement

2025

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

Item	Note	2025	2024
I. Total operating income		**27,578,264.42**	21,960,142.24
Of which: Operating income	*V.27*	**27,578,264.42**	21,960,142.24
Interest income		**•**	•
II. Total operating costs		**33,583,403.88**	32,593,905.84
Of which: Operating costs	*V.27*	**18,907,930.42**	14,531,699.55
Interest expenses		**•**	•
Handling fee and commission expenses		**•**	•
Taxes and surcharges	*V.28*	**256,802.53**	34,793.54
Selling expenses	*V.29*	**2,771,747.49**	3,264,809.14
Administrative expenses	*V.30*	**9,765,423.74**	12,158,238.10
R&D expenses	*V.31*	**1,348,815.86**	1,969,895.65
Financial expenses	*V.32*	**532,683.84**	634,469.86
Of which: Interest expenses		**558,829.02**	789,815.33
Interest income		**13,915.60**	2,988.08
Add: Other gain	*V.33*	**9,316.73**	18,604.37
Investment gain ("-" for loss)	*V.34*	**32,958.54**	•
Of which: Gain from investment in associates and joint ventures		**•**	•
Derecognition gain of financial assets measured at the amortised cost		**•**	•
Exchange gain ("-" for loss)		**•**	•
Net exposure hedging income ("-" for loss)		**•**	•
Gain from changes in fair value ("-" for loss)		**•**	•
Credit impairment loss ("-" for loss)	*V.35*	**-2,061,961.11**	-1,775,078.90
Assets impairment loss ("-" for loss)	*V.36*	**-823,337.13**	-3,668,538.73
Gain from assets disposal ("-" for loss)	*V.37*	**•**	330,814.24
III. Operating profit ("-" for loss)		**-8,848,162.43**	-15,727,962.62
Add: Non-operating income	*V.38*	**104,502.84**	7,257.14
Less: Non-operating expenditure	*V.39*	**129,460.29**	26,934.82
IV. Total profit ("-" for total loss)		**-8,873,119.88**	-15,747,640.30
Less: Income tax expenses	*V.40*	**-524.24**	13,235.62

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

Item	Note	2025	2024
V. Net profit ("-" for net loss)		**-8,872,595.64**	-15,760,875.92
(I) By business continuity		**-8,872,595.64**	-15,760,875.92
1. Net profit from continuing operations ("-" for net loss)		**-8,872,595.64**	-15,760,875.92
2. Net profit from discontinued operations ("-" for net loss)		•	•
(II) By ownership		**-8,872,595.64**	-15,760,875.92
1. Net profit attributable to owners of the parent company ("-" for net loss)		**-8,712,377.85**	-15,882,252.20
2. Minority shareholders' profit and loss ("-" for net loss)		**-160,217.79**	121,376.28
VI. Net of tax of other comprehensive income		•	•
Net of tax of other comprehensive income attributable to owners of the parent company		•	•
(I) Other comprehensive income that cannot be reclassified to profit or loss		•	•
1. Changes arising from re-measurement of the defined benefit plans		•	•
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		•	•
3. Changes in fair value of other equity instrument investments		•	•
4. Changes in fair value of the enterprise's credit risk		•	•
5. Others		•	•
(II) Other comprehensive income that will be reclassified to profit or loss		•	•
1. Other comprehensive income that 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		•	•
VII. Total comprehensive income		**-8,872,595.64**	-15,760,875.92
Total comprehensive income attributable to shareholders of the parent company		**-8,712,377.85**	-15,882,252.20
Total comprehensive income attributable to minority shareholders		**-160,217.79**	121,376.28
VIII. Earnings per share:		•	•
(I) Basic earnings per share (Yuan/share)		**-0.0046**	-0.0084
(II) Diluted earnings per share (Yuan/share)		**-0.0046**	-0.0084

Legal representative: Person in charge of accounting: Head of the accounting department:

Income Statement of Parent Company

2025

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

Item	Note	2025	2024
I. Operating income	*XVII.4*	**22,351,581.59**	14,072,936.58
Less: Operating costs	*XVII.4*	**15,775,028.77**	8,446,950.28
Taxes and surcharges		**232,772.79**	13,934.12
Selling expenses		**2,257,560.47**	2,821,110.37
Administrative expenses		**3,771,766.09**	4,708,621.31
R&D expenses		**802,375.69**	1,220,468.35
Financial expenses		**511,428.67**	563,630.67
Of which: Interest expenses		**539,312.61**	541,744.26
Interest income		**13,287.76**	359.26
Add: Other gain		**704.13**	6,965.71
Investment gain ("-" for loss)	*XVII.5*	**32,958.54**	-539,207.41
Of which: Gain from investment in associates and joint ventures		•	•
Derecognition gain of financial assets measured at amortised cost		•	•
Net exposure hedging income ("-" for loss)		•	•
Gain from changes in fair value ("-" for loss)		•	•
Credit impairment loss ("-" for loss)		**-1,207,959.99**	796,525.50
Assets impairment loss ("-" for loss)		**-3,408,613.52**	-50,998.13
Gain from assets disposal ("-" for loss)		•	•
II. Operating profit ("-" for loss)		**-5,582,261.73**	-3,488,492.85
Add: Non-operating income		**101,827.59**	4.00
Less: Non-operating expenditure		**508.35**	360.00
III. Total profit ("-" for total loss)		**-5,480,942.49**	-3,488,848.85
Less: Income tax expenses		•	•
IV. Net profit ("-" for net loss)		**-5,480,942.49**	-3,488,848.85
(I) Net profit from continuing operations ("-" for net loss)		**-5,480,942.49**	-3,488,848.85
(II) Net profit from discontinued operations ("-" for net loss)		•	•
V. Net of tax of other comprehensive income		•	•
(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 the 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		•	•
VI. Total comprehensive income		**-5,480,942.49**	-3,488,848.85
VII. Earnings per share		•	•
(I) Basic earnings per share (Yuan/share)		•	•
(II) Diluted earnings per share (Yuan/share)		•	•

Legal representative: Person in charge of accounting: Head of the accounting department:

Consolidated Cash Flow Statement

2025

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

Item	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		**17,468,706.56**	19,174,000.35
Refund of taxes and fee		**186,315.35**	•
Other cash received relating to operating activities	*V.41*	**732,440.50**	473,977.03
Subtotal of cash inflows from operating activities		**18,387,462.41**	19,647,977.38
Cash paid for purchase of goods and receipt of services		**12,815,257.80**	8,837,443.10
Cash paid to and for employees		**2,508,309.41**	4,979,842.91
Taxes and fee paid		**327,568.35**	451,372.87
Other cash paid relating to operating activities	*V.41*	**4,376,271.19**	7,443,471.18
Subtotal of cash outflows for operating activities		**20,027,406.75**	21,712,130.06
Net cash flows from operating activities	*V.42*	**-1,639,944.34**	-2,064,152.68
II. Cash flows from investing activities:		•	•
Cash received from recouping investment		•	•
Cash received from investment income		•	•
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		•	642,150.00
Net cash received from disposal of subsidiaries and other business entities		•	•
Other cash received relating to investing activities		•	•
Subtotal of cash inflows from investing activities		–	642,150.00
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		**85,340.00**	128,699.00
Cash paid to acquire investments		•	•
Net cash paid for acquisition of subsidiaries and other business entities		•	•
Other cash paid relating to investing activities		•	•
Subtotal of cash outflows for investing activities		**85,340.00**	128,699.00
Net cash flows from investing activities		**-85,340.00**	513,451.00

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

Item	*Note*	2025	2024
III. Cash flows from financing activities:			
Cash received from absorbing investment		•	•
Of which: cash received from minority shareholders' investment in subsidiaries		•	•
Cash received from borrowings		**3,500,000.00**	3,500,000.00
Other cash received relating to financing activities	*V.41*	**930,000.00**	5,536,000.00
Subtotal of cash inflows from financing activities		**4,430,000.00**	9,036,000.00
Cash paid for repayment of debts		**3,500,000.00**	4,794,802.87
Cash paid for distribution of dividends, profits or repayment of interests		**149,041.64**	149,449.98
Of which: dividends and profits paid to minority shareholders by subsidiaries		•	•
Other cash paid relating to financing activities	*V.41*	**638,912.00**	1,429,740.98
Subtotal of cash outflows for financing activities		**4,287,953.64**	6,373,993.83
Net cash flows from financing activities		**142,046.36**	2,662,006.17
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-1,383.64**	1,065.43
V. Net increase in cash and cash equivalents	*V.42*	**-1,584,621.62**	1,112,369.92
Add: opening balance of cash and cash equivalents	*V.42*	**2,861,130.55**	1,748,760.63
VI. Closing balance of cash and cash equivalents	*V.42*	**1,276,508.93**	2,861,130.55

Legal representative: Person in charge of accounting: Head of the accounting department:

Cash Flow Statement of Parent Company

2025

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

Item	*Note*	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		**12,082,718.20**	11,277,244.35
Taxes and fees refunded		**•**	•
Other cash received relating to operating activities		**716,050.43**	453,112.37
Subtotal of cash inflows from operating activities		**12,798,768.63**	11,730,356.72
Cash paid for purchase of goods and receipt of services		**7,624,576.16**	1,457,032.66
Cash paid to and for employees		**1,773,619.74**	3,161,650.26
Taxes and fees paid		**73,382.52**	111,482.39
Other cash paid relating to operating activities		**3,903,781.36**	6,751,599.52
Subtotal of cash outflows for operating activities		**13,375,359.78**	11,481,764.83
Net cash flows from operating activities		**-576,591.15**	248,591.89
II. Cash flows from investing activities:			
Cash received from recouping investment		**•**	•
Cash received from investment gain		**•**	•
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**•**	•
Net cash received from disposal of subsidiaries and other business entities		**•**	•
Other cash received relating to investing activities		**•**	•
Subtotal of cash inflows from investing activities		**•**	•
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		**57,500.00**	118,699.00
Cash paid for acquisition of investments		**•**	•
Net cash paid for acquisition of subsidiaries and other business entities		**•**	•
Other cash paid relating to investing activities		**•**	•
Subtotal of cash outflows for investing activities		**57,500.00**	118,699.00
Net cash flows from investing activities		**-57,500.00**	-118,699.00
III. Cash flows from financing activities:			
Cash received from absorbing investment		**•**	•
Cash received from borrowings		**3,500,000.00**	3,500,000.00
Other cash received relating to financing activities		**3,525,000.00**	12,193,630.17
Subtotal of cash inflows from financing activities		**7,025,000.00**	15,693,630.17

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

Item	*Note*	2025	2024
Cash paid for repayment of debts		3,500,000.00	3,500,000.00
Cash paid for distribution of dividends, profits or repayment of interests		149,041.64	149,449.98
Other cash paid relating to financing activities		2,992,674.76	11,736,437.05
Subtotal of cash outflows for financing activities		6,641,716.40	15,385,887.03
Net cash flows from financing activities		383,283.60	307,743.14
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-0.06	411.93
V. Net increase in cash and cash equivalents		-250,807.61	438,047.96
Add: opening balance of cash and cash equivalents		478,659.02	40,611.06
VI. Closing balance of cash and cash equivalents		227,851.41	478,659.02

Legal representative: Person in charge of accounting: Head of the accounting department:

Consolidated Statement of Changes in Shareholders' Equity

2025

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

Item	2025														
	Shareholders' equity attributable to the parent company														
	Share Capital	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal	Minority shareholders' equity	Total shareholders' equity
I. Closing balance of last year	189,762,900.00	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-458,090,029.50	-	-49,322,263.89	2,563,080.74	-46,759,183.15
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	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-458,090,029.50	-	-49,322,263.89	2,563,080.74	-46,759,183.15
III. Changes for the year ("-" for decrease)	-	-	-	-	-	-	-	-	-	-	-8,712,377.85	-	-8,712,377.85	-160,217.79	-8,872,595.64
(I) Total comprehensive income											-8,712,377.85		-8,712,377.85	-160,217.79	-8,872,595.64
(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	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-466,802,407.35	-	-58,034,641.74	2,402,862.95	-55,631,778.79

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

Item	2024													
	Shareholders' equity attributable to the parent company													
	Share Capital	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal	Minority shareholders' equity	Total shareholders' equity
I. Closing balance of last year	189,762,900.00	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-442,207,777.30	-	-33,440,011.69	2,441,704.46	-30,998,307.23
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Merger of businesses under the same control	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-		-
II. Opening balance of the year	189,762,900.00	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-442,207,777.30	-	-33,440,011.69	2,441,704.46	-30,998,307.23
III. Changes for the year ("-" for decrease)	-	-	-	-	-	-	-	-	-	-	-15,882,252.20	-	-15,882,252.20	121,376.28	-15,760,875.92
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-15,882,252.20		-15,882,252.20	121,376.28	-15,760,875.92
(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	-	-	-	202,569,046.27	-	-	-	16,435,819.34	-	-458,090,029.50	-	-49,322,263.89	2,563,080.74	-46,759,183.15

Legal representative: Person in charge of accounting: Head of the accounting department:

Statement of Changes in Shareholders' Equity of the Parent Company

2025

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

Item	2025											
		Other equity instruments										
	Share Capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total shareholders' equity
I. Closing balance of last year	189,762,900.00	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-383,643,185.82	-	23,016,296.36
Add: Changes in accounting policies												-
Corrections of prior period errors												-
Others												-
II. Opening balance of the year	189,762,900.00	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-383,643,185.82	-	23,016,296.36
III. Changes for the year ("-" for decrease)	-	-	-	-	-	-	-	-	-	-5,480,942.49	-	-5,480,942.49
(I) Total comprehensive income										-5,480,942.49		-5,480,942.49
(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. Distribution to shareholder												-
3. 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	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-389,124,128.31	-	17,535,353.87

Statement of Changes in Shareholders' Equity of the Parent Company

2025

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

Item	2024											
		Other equity instruments										
	Share Capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total shareholders' equity
I. Closing balance of last year	189,762,900.00	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-380,154,336.97	-	26,505,145.21
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	189,762,900.00	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-380,154,336.97	-	26,505,145.21
III. Changes for the year ("-" for decrease)	-	-	-	-	-	-	-	-	-	-3,488,848.85	-	-3,488,848.85
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-3,488,848.85	-	-3,488,848.85
(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. Distribution to shareholder	-	-	-	-	-	-	-	-	-	-	-	-
3. 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	-	-	-	200,460,762.84	-	-	-	16,435,819.34	-383,643,185.82	-	23,016,296.36

Legal representative: Person in charge of accounting: Head of the accounting department:

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; registered address: No. 25 Shuoshi Road, High-tech Industrial Development Zone, Xi'an; office address 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 parent company of the Company is Xi'an Tian An Corporate Management and Consulting Co., Ltd., with Mr. Xiao Bing as the ultimate controlling party. Both are a company registered in China and a citizen of the People's Republic of China.

The Company belongs to the communication system equipment manufacturing industry and is mainly engaged in the development, production and sales of communication antenna products. Its main products are mobile base station lens antenna, Wi-Fi routers, Wi-Fi router lens antennas and agricultural and sideline products.

These financial statements were approved by the board of directors of the Company on 31 March 2026.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements are prepared based on actual transactions and events in accordance with the "Accounting Standards for Business Enterprises" and its application guidelines, interpretations and other relevant regulations promulgated by the Ministry of Finance (hereinafter collectively referred to as the "ASBE"), as well as the Hong Kong Companies Ordinance and relevant disclosure requirements under the GEM Listing Rules of the Hong Kong Stock Exchange.

2. Going concern

The Group's net profit for 2025 was RMB-8,872,595.64, and it continues to suffer losses; at the end of 2025, the net assets were RMB-55,631,778.79; for 2025, the operating income was RMB27,578,264.42 and the net operating cash flow was RMB-1,639,944.34; at the end of the year, the current liabilities were higher than the total current assets by RMB61,877,034.73. 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 2025. The Group has also implemented a number of measures to improve its financial conditions and reduce liquidity pressure, including:

(1) Expansion of product sales and active collection of payments to reduce the gap in cash flows from operating activities

1) In terms of communication base station antennas, in 2025, the Group proactively promoted the completion of delivery for signed contracts and collection of payments; paid attention to the bidding of various telecom operators. As of the approval date of this financial statement, it has won the bids for the lens antenna project of Jilin Branch of China United Network Communications Co., Ltd.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

2. Going concern *(Continued)*

(1) Expansion of product sales and active collection of payments to reduce the gap in cash flows from operating activities *(Continued)*

2) Applications of lens technology in other fields. Combining existing antenna technology, Wi-Fi lens antennas were successfully developed and used in various routers. Currently, small batch sales have been achieved to router manufacturers and multiple rounds of communication have been conducted with router customers, in order to supplement revenue from our communication base station antenna business.

(2) Make full use of existing resources and reduce costs and expenses

Strengthen expense control. In 2026, the Group will strengthen internal management, optimize the allocation of human resources, enhance efficiency, dispose of idle assets to recover funds, strengthen expense budgets, and reduce unreasonable or unnecessary expenses.

(3) Financial support from major shareholders

As of the end of this year, Haitian Antenna had debts of RMB11,650,124.97 due to Xiao Bing, a shareholder, RMB8,131,379.46 due to Chen Ji, a shareholder, and RMB10,405,000.00 due to Shanghai Gaoxiang Investment Management Co., Ltd., representing a total of RMB30,186,504.43. The aforesaid shareholders have committed that, in the event of financial difficulties for the Company, they will not demand repayment before 31 December 2026 and will provide necessary financial support.

(4) Actively connect with external investors to improve cash flow

Introduce strategic partners to simultaneously achieve capital injection and business empowerment through equity cooperation, project cooperation, and resource exchange, etc.

The board of directors of the Company has reviewed the cash flow forecast of the Group prepared by the management covering a period of 12 months from 31 December 2025. Based on the abovementioned measures, the management and the Board believes that the Group will be able to obtain sufficient working capital to support the Group's operating needs for the foreseeable next twelve months. Accordingly, management believes that the Group and the Group's financial statements are properly prepared on a going concern basis.

Nevertheless, there remains material uncertainty regarding the effectiveness of the implementation of the aforementioned measures. Should they fail to be effectively executed, it will have a significant impact on the Group's ability to continue as a going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with Accounting Standards for Business Enterprises (ASBE)

The financial statements conform to the requirements of the accounting standards for business enterprises, and truly and completely reflect the Company's and the Group's financial position as at 31 December 2025 and the operating results and cash flow for 2025, and other relevant information.

2. Accounting period

An accounting period of the Group is from 1 January to 31 December of each calendar year.

3. Business cycle

The business cycle of the Group is 12 months.

4. Recording currency

RMB is the recording currency for the Group.

5. Materiality criteria determination method and selection basis

The Group prepares and discloses financial statements in compliance with the materiality principle. The matters disclosed in the notes to the financial statements involve the judgment of materiality standards and the determination methods and selection basis of the materiality standards are as follows:

Disclosures involving materiality criteria judgments	Disclosure of the matters in the notes to these financial statements	Materiality criteria determination method and selection basis
Accounts payable aged more than 1 year	V. 14	The amount is greater than RMB500,000
Significant other payables aged more than 1 year or overdue	V. 18	The amount is greater than RMB500,000

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Accounting treatment for business combination under common control and not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The assets and liabilities acquired by the Group, as the combination party, from business combination under common control should be measured based on the book value in the ultimate controlling party consolidated statements of the combined party on the combination date. The balance between the book value of the net assets obtained and the book value of the consolidated consideration paid (or the total par value of the shares issued) shall be used to adjust the capital reserves; and where the capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

(2) Business combination involving entities not under common control

A business combination involving entities or businesses not under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties both before and after the business combination.

If the Group acts as the purchaser, the identifiable assets, liabilities and contingent liabilities acquired by the acquiree in the business combination not under common control are measured at fair value on the acquisition date. Positive balance between the combined cost and the fair value of the identifiable net assets of the acquiree obtained during the combination shall be recognised as goodwill; and if the combined cost is less than the fair value of the identifiable net assets of the acquiree obtained, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in combination and the consolidated costs shall be re-checked first. If the combined cost is still less than the fair value of identifiable net assets of the acquiree obtained, the balance shall be included in the current non-operating revenue.

7. Judgment criteria for control and preparation method of consolidated financial statements

The consolidation scope of the Group's consolidated financial statements is determined on the basis of control, including the Company and all subsidiaries controlled by the Company (including the divisible parts of the enterprise and the investee, as well as the structured entities controlled by the enterprise, etc.). The Group's criteria for determining control are that the Group has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and has the ability to use its power over the investee to affect the amount of its returns.

When preparing consolidated financial statements, if the accounting policy or the accounting period adopted is inconsistent between the subsidiaries and the Company, the financial statements of subsidiaries shall be adjusted according to the accounting policy or the accounting period of the Company.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Judgment criteria for control and preparation method of consolidated financial statements *(Continued)*

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation. Shares in owner's equity of subsidiaries but not attributed to the parent company, net profit and loss for the current period, other comprehensive income and shares attributed to minority interest in total comprehensive income shall be presented in consolidated financial statements as "minority interest, non-controlling interests, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders".

Operating results and cash flow of subsidiaries which are acquired by business combination under common control are included in the consolidated financial statements at the beginning of the current period of the combination. Upon the preparation of comparative consolidated financial statements, any adjustments to relevant items in financial statements of the last year are considered as the subject of reports formed after combination as if it might have existed since the time when final controlling party began to take control.

As for subsidiaries acquired by business combination not under common control, operating results and cash flow shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing consolidated financial statements, adjustments to financial statements of subsidiaries are based on the fair value of identifiable assets, liabilities or contingent liabilities, which is identified at the purchase date.

8. Cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investment with a term not more than 3 months and high liquidity, easily converted to known amounts of cash and having low value change risk.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Foreign currency business and translation of foreign currency financial statements

(1) Foreign currency transaction

When the Group's foreign currency transactions are initially recognized, the foreign currency amount is converted into the accounting functional currency amount using the spot exchange rate on the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. The translation balance arising from which is directly included in the current profits and losses, except for exchange balances resulting from specific borrowings in foreign currency for purchasing and constructing or producing assets that conforms to capitalisation conditions, and such exchange balances shall be treated as per the principles of capitalisation. Foreign currency non-monetary items measured at historical cost continue to be measured at the amount discounted at the spot exchange rate at the date of the transaction, without changing the amount of its recorded local currency. Non-monetary items in foreign currencies measured at fair value are translated using the spot exchange rate at the date the fair value is determined, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognised in the current profits and losses. Capital invested in foreign currencies received from investors is converted using the spot exchange rate on the date of transaction. There will be no foreign currency capital conversion difference between the capital invested in foreign currencies and the recorded local currency amount of the corresponding monetary items.

(2) Translation of foreign currency financial statements

The Group converts the financial statements of overseas operations into RMB when preparing consolidated financial statements, among which: items in assets and liabilities of balance sheet in foreign currency are translated at the spot rate of the balance sheet date; except for "undistributed profits", items in ownership interests are translated at the spot rate when transactions occur; and income and expenses in income statements are translated at the spot rate of the date when transactions occur. Translation balance in the foreign currency statements arising from translations above shall be presented in items of other comprehensive income. Foreign currency cash flow shall be translated at the spot rate on the date that cash flow occurs. Amount affected by change in exchange rate on cash shall be listed in the cash flow statement separately.

10. Financial instruments

(1) Recognition and derecognition of financial instruments

The Group will recognise a financial asset or financial liability at the time when it becomes one party to the contract of the financial instruments.

If the following conditions are met, financial assets will be derecognised, that is, previously recognized financial assets will be written off from balance sheets: 1) the right to receive cash flows from financial assets expires; 2) the right to receive cash flows from financial assets is transferred, or under the "pass-through agreement", the Group assumes the obligation to pay the collected cash flow in full to a third party in a timely manner, and transfers substantially all risks and rewards of ownership of financial assets, or relinquishes control of a financial asset although substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(1) Recognition and derecognition of financial instruments *(Continued)*

Financial liabilities are derecognised if the obligation for the financial liability has been performed, canceled or expired. If an existing financial liability is replaced by another financial liability with substantially different terms from the same creditor, or substantially all of the terms of the existing liability are materially modified, such replacement or modification will be treated as derecognition of the original liability and recognition of a new liability, and the difference will be included in the current profit and loss.

Buying and selling financial assets in a regular manner is recognized and derecognized based on transaction date accounting.

(2) Classification and measurement of financial assets

At the time of initial confirmation of the Group's financial assets, according to the business model of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through current profits and losses. Only if the Group changes its business model for managing financial assets, all affected financial assets can be reclassified.

When determining business model, the Group considers the way of enterprise performance evaluation and financial asset achievement reporting to the key management, the risk affecting financial asset performance and its management mode and the way of related business management payment, etc. When evaluating whether to take the contract cash flow as the target, the Group analyzes and determines the reason, time, frequency and value of the sale of financial asset before the maturity date.

When judging the contractual cash flow characteristics, the Group determines whether the contractual cash flow only for the principal and the payment of interest on the basis of outstanding principal, including (when evaluating the correction of time value of money, determine whether it has significant difference compared with the benchmark cash flow, and for the financial assets including prepayment characteristics, determine whether the fair value of the prepayment features is very small, and so on).

Financial assets are measured at fair value upon initial recognition. However, if accounts receivable or notes receivable arising from the sale of goods or provision of services, etc. do not contain a significant financing component or if the financing component that does not exceed one year is not considered, they will be initially measured based on the transaction price.

For financial assets measured at fair value through current profit or loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other types of financial assets are included in their initial recognition amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets *(Continued)*

The subsequent measurement of a financial asset depends on its classification:

1) *Financial assets measured at amortised cost*

The Group shall classify the financial assets that meet the following conditions simultaneously into the financial assets measured at amortised cost: ① the business model of the financial assets management takes the collection of contractual cash flow as the objective. ② The contract terms of the financial asset stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Interest income for such financial assets is recognised using the effective interest method, and gains or losses arising from their derecognition, modification, or impairment are included in current profit or loss. The Group's financial assets in this category mainly include: monetary funds, accounts receivable, notes receivable, other receivables, etc.

2) *Debt instrument investments measured at fair value through other comprehensive income*

If a financial asset meets the following conditions at the same time, it is classified as a financial asset measured at fair value with changes included in other comprehensive income: ① the business model for managing the financial assets is both to collect contract cash flows and for the purpose of selling the financial asset. ② The contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Interest income on such financial assets is recognized using the effective interest rate method. Except for interest income, impairment losses and exchange differences, which are recognized as current profits and losses, other changes in fair value are included in other comprehensive income. When the financial asset is derecognised, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to the current profits and losses. The Group's financial assets in this category mainly include: other debt investments and receivables financing.

3) *Equity instrument investments measured at fair value through other comprehensive income*

The Group irrevocably chooses to designate certain non-trading equity instrument investments as financial assets at fair value through other comprehensive income. Once this designation is made, it cannot be revoked. The Group only includes relevant dividend income (except dividend income that is clearly recovered as part of investment costs) into the current profit and loss. Subsequent changes in fair value are included in other comprehensive income, and no impairment provisions are required. When the financial asset is derecognised, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to the retained earnings. The Group's financial assets in this category are investments in other equity instruments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets *(Continued)*

4) Financial assets measured at fair value and through the current profits and losses

The Group will classify the financial assets other than the above financial assets measured at the amortised cost and the financial assets at fair value through other comprehensive income into the financial assets at fair value through current profits and losses. Such financial assets shall be subsequently measured at fair value, and all changes in fair value are included in current profits and losses, except those related to hedging accounting. The Group's financial assets in this category mainly include trading financial assets.

If the contingent consideration recognized by the Group in a business combination not under common control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value with changes included in current profits and losses.

Only when accounting mismatches can be eliminated or significantly reduced, the Group will designate financial assets at initial measurement as financial assets at fair value through profit or loss.

(3) Classification, recognition basis and measurement method of financial liabilities

Except for the financial guarantee contracts issued, loan commitments at lower than market interest rates and financial liabilities arising from the transfer of financial assets that do not meet the conditions for derecognition or continued involvement in the transferred financial assets, the Group's financial liabilities are classified as: upon initial recognition: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. For financial liabilities measured at fair value through profit or loss, related transaction costs are directly included in the current profits and losses. Transaction costs related to financial liabilities measured at amortized cost are included in their initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

1) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured based on the amortized cost using the effective interest rate method.

2) Financial liabilities measured at fair value through current profits or losses

The financial liability at fair value through current profits and losses (including derivatives that are financial liabilities) is measured subsequently, including financial liabilities held for trading and financial liabilities designated at fair value through current profits and losses when initially recognizing. Trading financial liabilities (including derivatives are financial liabilities) are subsequently measured at fair value, and (except related to hedging accounting) all changes in fair value are included in current profits and losses. For financial liabilities designated as measured at fair value with changes included in current profits and losses, subsequent measurement is based on fair value. Except for changes in fair value caused by changes in the Group's own credit risk, which are included in other comprehensive income, other changes in fair value are included in current profits and losses. If the changes in fair value caused by changes in the Group's own credit risk, which are included in other comprehensive income, will cause or expand the accounting mismatch in profit and loss, the Group will include all changes in fair value (including the amount affected by changes in its own credit risk) into the current profit and loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(3) Classification, recognition basis and measurement method of financial liabilities *(Continued)*

2) Financial liabilities measured at fair value through the current profits or losses (Continued)

Only when one of the following conditions is met, the Group will designate a financial liability at initial measurement as a financial liability at fair value through current profit or loss: ① the designation can eliminate or significantly reduce accounting mismatches; ② formal written risk management or investment strategies have stated that the portfolio of financial instruments is managed, evaluated and reported to key management personnel on a fair value basis; ③ a hybrid instrument that contains one or more embedded derivatives, unless the embedded derivative does not significantly change the cash flows of the hybrid instrument, or the embedded derivative clearly should not be separated from the related hybrid instrument; ④ hybrid instruments containing embedded derivatives that need to be separated but cannot be measured separately at the time of acquisition or at subsequent balance sheet dates.

The Group accounts for financial liabilities arising from contingent consideration recognized as a purchaser in a business combination not under common control at fair value through profit or loss.

(4) Impairment of financial instruments

The Group performs impairment treatment on financial assets measured at amortized cost, debt investments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and financial guarantee contracts and recognizes loss provisions based on expected credit losses.

1) Measurement of expected credit losses

The expected credit loss means that the risk of default is the weighted average of credit list of weighted financial instrument. Credit loss refers to the difference between all contractual cash flow receivable according to the contract and discounted according to the original effective interest rate and all cash flow receivable, that is, the present value of all cash shortages.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of Expected credit losses that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

For accounts receivable, notes receivable, receivables financing and other receivables as well as contract assets that do not contain a significant financing component and are formed by daily operating activities such as the sale of goods and the provision of services, the Group applies the simplified measurement method and measures the loss allowance at an amount equal to the expected credit losses over the entire duration.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

1) Measurement of expected credit losses (Continued)

For lease receivables, receivables containing a significant financing component and contract assets, the Group chooses to apply the simplified measurement method and measures the loss allowance at an amount equal to the expected credit losses over the entire duration.

For financial assets (such as debt investments, other debt investments and other receivables), loan commitments and financial guarantee contracts other than those mentioned above which apply the simplified measurement method, the Group applies the general approach (three-stage approach) to provide for expected credit losses. At each balance sheet date, the Group assesses whether its credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage, and the Group measures the loss allowance at an amount equal to the expected credit losses within the next 12 months and calculates interest income based on the book balance and the effective interest rate. If the credit risk has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and the Group measures the loss allowance at an amount equal to the expected credit losses over the entire duration and calculates interest income based on the book balance and the effective interest rate. If credit impairment occurs after initial recognition, it is in the third stage, and the Group measures the loss allowance at an amount equal to the expected credit losses over the entire duration and calculates interest income based on the amortised cost and the effective interest rate. For financial instruments with only low credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition. For the Group's judgment criteria for significant increase in credit risk and definition of credit-impaired assets, please refer to note X.1.

When the Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets, it infers the expected changes in the debtor's credit risk based on historical repayment data and in combination with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment losses, and the provision for impairment already made may not be equal to the actual amount of impairment losses in the future.

2) The portfolio categories and basis for determination of the provision for impairment made based on credit risk characteristics

The Group assesses the expected credit losses of financial instruments on an individual and collective basis. When assessing on a collective basis, the Group divides financial instruments into different groups based on common credit risk characteristics. The Group divides financial instruments into different groups based on common risk characteristics. Common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, geographical location of the debtor, industry of the debtor, overdue information, aging of accounts receivable, etc.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

2) The portfolio categories and basis for determination of the provision for impairment made based on credit risk characteristics (Continued)

The Group's use of the expected credit loss model to assess the impairment of financial instruments and contract assets requires significant judgments and estimates, and all reasonable and evidence-based information, including forward-looking information, shall be considered. When making these judgments and estimates, the Group infers expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimations may affect the provision of impairment, and the impairment provisions that have been made may not be equal to the actual amount of future impairment losses.

① Impairment testing method for notes receivable

The Group classifies notes receivable into different groups based on the credit risk of the acceptors as a common risk characteristic and determines the accounting estimate policies for expected credit losses: a. for bank acceptance bills where the acceptors are listed commercial banks, the Group assesses that such items have low credit risk and does not recognise expected credit losses; b. for bank acceptance bills and commercial acceptance bills where the acceptors are non-listed commercial banks, the loss allowance is provided by referring to the expected loss rate confirmed by the Group's accounts receivable policy, which is the same as the grouping of accounts receivable.

② Impairment testing method of accounts receivable

The Group provides allowance for bad debt, in connection with all receivables, at the expected credit loss throughout their full life. As per the actual loss rate of previous accounts receivable, judgments on future recovery risks and analysis on credit risk characteristics, the Group determines its expected loss rate and provision for bad debts. The provision is made in following manner:

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

2) The portfolio categories and basis for determination of the provision for impairment made based on credit risk characteristics (Continued)

② Impairment testing method of accounts receivable *(Continued)*

At the end of the period, a separate impairment test is performed on the receivables that have been impaired as proven by objective evidence. Regarding measurement of their expected credit losses, the impairment loss is recognised and the provision for bad debts is made, by the difference between the book balance and the present value of the estimated future cash flow as discounted at the original actual interest rate. In the case there is no sufficient evidence for determination of expected credit losses at a reasonable cost at single instrument level, the Group shall consider and refer to historical credit loss experience, taking account into current conditions and judgments of future economic conditions, and divide accounts receivable into several portfolios by credit risk characteristics; and then calculate the expected credit loss by such portfolios, on the following basis:

Portfolio name	Accrual method
Aging analysis portfolio	The Group calculates the expected credit loss based on its past historical experience, taking account into of current conditions and forecasts of future economic conditions by preparing the aging of accounts receivable and the lifetime expected credit loss rate
Low risk portfolio	No provision for bad debts

For low risk portfolio, unless there is definite evidence proving that the credit risk of the financial instrument has increased significantly since initial recognition, no expected credit loss shall be accrued and provided. The Group's low-risk items mainly include deposits and reserves, etc. paid to clients from military and governmental sectors, without significant losses. These items are expected to be recovered, with low probability of credit risk, and credit impairment losses may not be accrued.

The Group calculates expected credit loss of accounts receivable on the balance sheet date. If the expected credit loss is greater than the carrying amount of provision for impairment of the current accounts receivable, the Group will recognise the difference as impairment loss on accounts receivable, debit "credit impairment loss" and credit "bad debt provision". On the contrary, the Group recognizes the difference as impairment gains and makes opposite accounting records.

If the Group actually suffers a credit loss and determines that the relevant accounts receivable cannot be taken back and are approved to be charged off, the "bad debt provision" shall be debited and the "accounts receivable" shall be credited according to the approved charged off amount. If the charged off amount is greater than the accrued loss provision, "credit impairment loss" shall be debited against difference of the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

2) The portfolio categories and basis for determination of the provision for impairment made based on credit risk characteristics (Continued)

② Impairment testing method of accounts receivable *(Continued)*

As per the actual credit losses of previous years, taking into account the forward-looking information of the year, the Group implements the following accounting estimation policy for measuring expected credit losses:

Aging	Expected credit loss rate of accounts receivable (%)
Within 1 year (including 1 year, the same below)	3.00
1-2 years	10.00
2-3 years	20.00
3-4 years	60.00
4-5 years	80.00
Over 5 years	100.00

③ Impairment testing method for other receivables

The Group's other receivables mainly include provisional deposits, deposits and security funds and current accounts. According to the nature of receivables and the credit risk characteristics of different counterparties, the Group divides other receivables into three portfolios, namely, provisional deposits, deposits and security funds and current accounts.

The Group measures loss allowance for other receivables according to the following circumstances: ① the Group measures loss allowance for the financial assets the credit risk of which has not significantly increased since initial recognition based on the amount of expected credit loss for the next 12 months; ② the Group measures loss allowance for the financial assets the credit risk of which has significantly increased since initial recognition based on the amount of expected credit loss during the lifetime of the financial instrument; ③ the Group measures loss allowance for the financial assets which have been credit-impairment since purchase or origination based on the amount of expected credit loss during the lifetime of the financial assets.

Assessment on a collective basis. For other receivables, the Group cannot obtain sufficient evidence of significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to evaluate whether credit risk increases significantly on a collective basis. Therefore, the Group classifies other receivables according to the type of borrowers and date of initial recognition as a common risk characteristic and considers whether credit risk increases significantly on a collective basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

3) Single item provision judgment standard of provision for bad debt impairment by single item

If the credit risk characteristics of a customer are significantly different from those of other customers in the portfolio, or the credit risk characteristics of the customer have changed significantly, for example, the customer encounters serious financial difficulties, and the expected credit loss rate of the receivables from the customer is significantly higher than the expected credit loss rate of the aging and overdue range, the Group will make a loss provision for the receivables from the customer on a single basis.

4) Write-off of impairment provision

When the Group no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the Group directly writes down the carrying amount of the financial asset. If a financial asset that has been written down is subsequently recovered, it is recorded as a reversal of the impairment loss in the profit or loss of the period in which it is recovered.

(5) Recognition basis and measurement method of financial asset transfer

For financial asset transfer transactions, if the Group has transferred substantially all risks and rewards of ownership of the financial asset to the transferee, the financial asset will be derecognised. If it retains substantially all the risks and rewards of ownership of a financial asset, the financial asset will not be derecognised. If it has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, has given up control of the financial asset, has terminated the recognition of the financial asset and recognized the resulting assets and liabilities, and has not given up control of the financial asset, the relevant financial assets will be recognized according to the extent of its continued involvement in the transferred financial assets, and the relevant liabilities will be recognized accordingly.

If the entire transfer of the financial assets meets the derecognition conditions, the difference between the book value of transferred financial asset on the date of derecognition and the sum of consideration received from the transfer and the amount originally included in other comprehensive income directly and that the accumulative amount of change in fair value corresponds to the derecognised part (the financial assets involved in the transfer also meet the following conditions: ① the Group's business model for managing this financial asset is to both collect contractual cash flows and sell the financial asset; ② the contractual terms of the financial assets stipulate that, the cash flow generated on a specific date is only the payment of interest based on the principal amount and the outstanding principal amount) shall be included in the current profits and losses.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(5) Recognition basis and measurement method of financial asset transfer (Continued)

If the partial transfer of the financial assets meets the derecognition conditions, the entire book value of the transferred financial assets shall be amortised at their own relative fair values between the derecognised part and the under recognised part, and the difference between the sum of consideration received from the transfer and the amount which should be amortised to the derecognised part, originally included in other comprehensive income directly and that the accumulative amount of change in fair value corresponds to the derecognised part (the financial assets involved in the transfer also meet the following conditions: ① the Group's business model for managing this financial asset is to both collect contractual cash flows and sell the financial asset; ② the contractual terms of the financial assets stipulate that, the cash flow generated on a specific date is only the payment of interest based on the principal amount and the outstanding principal amount) and the entire book value of the aforesaid financial assets amortised shall be included in the current profits and losses.

If the Company continues to be involved by providing financial guarantees for the transferred financial assets, the assets formed by the continued involvement will be recognized based on the lower of the book value of the financial assets and the financial guarantee amount. The amount of financial guarantee refers to the maximum amount that will be required to be repaid out of the consideration received.

(6) Difference between financial liability and equity instrument and related treatment

The Group distinguishes financial liabilities and equity instruments according to the following principles: (1) if the Group fails to unconditionally perform one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contractual obligations indirectly through other terms and conditions. (2) If one financial instrument must or may be settled by the Group's own equity instrument, the Group's own equity instrument used for settling such instrument shall be considered as a substitute for cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former, this instrument is the financial liability of the issuer. If it is the latter, the instrument is the equity instrument of the issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Group's own equity instrument (such as interest rates, the price of a good or the price of a financial instrument), the contract is classified as financial liabilities.

When classifying a financial instrument (or its components) in the consolidated financial statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Group as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument should be classified as a financial liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

(7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and be not mutually offset. However, the net amount is presented in the balance sheet after being offset, when the following conditions are met at the same time: (1) The Group has a legal right to offset the recognised amount and that such legal rights are currently enforceable; and (2) The Group plans to settle by the net assets or sell off financial assets and liquidate the financial liabilities at the same time.

11. Inventories

The Group's inventories mainly include raw materials, products in process, turnover materials, goods delivered, finished goods, and consumable biological assets.

Inventories are initially measured at cost. Inventory costs include purchase costs, processing costs and other costs. The perpetual inventory system is adopted for inventories. Actual cost is calculated using weighted average method when the inventories are acquired or sent out. Low-value consumables and packaging materials are amortised using the one-off write-off method.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the inventory cost is higher than its net realizable value, a provision for inventory depreciation is made and included in the current profit and loss. Net realizable value refers to the estimated selling price of inventory in daily activities minus the estimated costs to be incurred upon completion, estimated sales expenses and related taxes.

When the Group determines the net realizable value, the finished goods, products in process, materials for sale and other merchandise inventories directly for sale shall be recognised at the balance after the estimated selling price of such inventories deducts the estimated sales expenses and relevant taxes, and the material inventories held for production shall be recognised at the balance after the estimated selling price of the finished product deducts the estimated costs to be incurred upon completion, estimated sales expenses and related taxes.

The provision for inventory impairment of other raw materials and auxiliary materials in large quantity and at low unit prices shall be made by category. The net realisable values thereof shall be recognised at the balance after the estimated selling price of such inventories deducts the estimated sales expenses and relevant taxes.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments

The long-term equity investment of the Group includes investment in subsidiaries, investment in associates and equity investment in joint ventures.

(1) Judgment of significant influence and joint control

The Group's equity investments that have a significant influence on the investee are investments in associates. Significant influence means that the Group has the power to participate in decision-making on the financial and operating policies of the investee, but it is not able to control or jointly control the formulation of these policies with other parties. It is generally considered that the Company, when holding, directly or through subsidiaries, more than 20% (included) but less than 50% of the voting right of the investee, has a significant influence on the investee, unless there is clear evidence that the Group cannot participate in the production and operation decisions of the invested unit or form control over the invested unit. When the Group holds less than 20% voting right of the investee, if the Group has representatives sent to the board of directors or similar authority body in the investee, participate in formulation of financial and operating policies of the investee, significant transaction happened with the investee, dispatch managers to the investee or providing key technical data to the investee, etc., the Group believes that it has a significant impact on the invested unit.

Equity investments in which the Group and other joint venture parties jointly control the investee and have rights to the net assets of the investee are investments in joint ventures. Joint control refers to joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. The Group's basis for judging joint control is that all participants or combinations of participants collectively control the arrangement, and decisions on activities related to the arrangement must be unanimously agreed upon by the participants who collectively control the arrangement.

(2) Accounting treatment method

The Group initially measures long-term equity investments acquired based on the initial investment cost.

If the long-term equity investment is obtained from the business combination under common control, the share of book value of owners' equity of the merged party in consolidated financial statements of the ultimate controlling party on the date of merger shall be deemed as the initial investment cost. If the book value of the net asset of the combined party on the combining date is negative, the initial investment cost shall be determined as zero.

For long-term equity investment obtained through business combination not under common control, consolidated cost shall be recognised as initial investment cost. As to business combination not under common control obtained step by step through multiple transactions, if it is not a package deal, the sum of book value of equity investment originally held and new investment cost is taken as the initial investment cost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments *(Continued)*

(2) Accounting treatment method *(Continued)*

Except long-term equity investment obtained through business combination, for those obtained by cash, purchase amount actually paid and fees, taxes and other necessary expenses directly related to obtaining long-term equity investment shall be used as its initial investment amount; for those obtained through issuing equity security, the fair value of equity security issued shall be used as the initial investment cost. For long-term equity investments obtained through debt restructuring by assets repaying debts, the initial investment cost shall be based on the fair value of the relinquished claims and taxes and other costs directly attributable to the investment. For long-term equity investments obtained in exchange for non-monetary assets, the initial investment cost is the fair value/book value of the assets exchanged and related taxes.

The Group's investments in subsidiaries are accounted for using the cost method in individual financial statements. When using the cost method, long-term equity investments are valued at the initial investment cost. When additional investment is made, the book value of the long-term equity investment cost is increased based on the fair value of the cost paid for the additional investment and the related transaction costs incurred. Cash dividends or profits that the investee declares to distribute shall be recognised as the current investment profits as per the amount enjoyed.

The Group's investments in joint ventures and associates are accounted for using the equity method. When adopting the equity method, if the initial investment cost of long-term equity investments is greater than the fair value share of identifiable net assets of the invested entity, the book value of long-term equity investments shall not be adjusted; if the initial investment cost of long-term equity investments is less than the fair value share of the identifiable net assets of the invested entity, the difference is adjusted to the book value of the long-term equity investment and is included in the current profit and loss of the investment.

For long-term equity investment subsequently measured by equity method, during the investment holding period, the book value of long-term equity investment shall be accordingly increased or decreased as the owner's equity of the investee changes. Wherein, the Company shall, as per the Group's accounting policy and period, offset the unrealized internal transaction gains and losses arising from transactions with associates and joint ventures that do not constitute business, calculate the portion attributable to the Group according to its share (if the internal transaction loss is an asset impairment loss, the full amount is recognised), and adjust and recognize the net profit of the investee. The Group recognizes the net loss incurred by the investee until the book value of the long-term equity investment and other long-term interests that essentially constitute the net investment in the investee are reduced to zero, except where the Group has the obligation to bear additional losses.

On the disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment gain for the period.

For long-term equity investments accounted for by the equity method, the relevant other comprehensive income accounted for by the original equity method shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity recognised by changes in other owner's equity other than profit and loss, other comprehensive income and profit distribution shall be all transferred to the current investment gain when the equity method is terminated.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments *(Continued)*

(2) Accounting treatment method *(Continued)*

If the remaining equity after disposing of part of the equity is still accounted for using the equity method, the relevant other comprehensive income accounted for by the original equity method shall be treated on the same basis and carry forward proportionately as the investee's direct disposal of related assets or liabilities. The owner's equity recognised by changes in other owner's equity other than profit and loss, other comprehensive income and profit distribution shall be proportionately carried forward to current investment income.

If the joint control or significant influence over the investee is lost due to the disposal of part of the equity, and the remaining equity after disposal is recognized as a financial asset, the difference between the fair value of the remaining equity on the date when joint control or significant influence is lost and the book value is included in the current profit and loss.

When the Company loses the control over the investee for disposal of partial long-term equity investments, the accounting method shall be changed to equity method if the remaining shares after disposal still have joint control or significant influence on the investee, with the balance between the book value of equity to be disposed and consideration of disposal included in the investment gain. While the remaining shares after disposal do not have joint control or significant influence on investee anymore, they are recognized as a financial asset and the difference between fair value and book value on the date of losing the control shall be included in the current losses and profits.

Various transactions of the Group from step-by-step equity disposal to loss of controlling power do not belong to the package deal, and every transaction is separately subject to accounting treatment. If the transactions belong to "package deal", then the Company shall conduct accounting treatment to the transaction which shall be taken as a transaction for disposing subsidiaries with control right lost; and however, before loss of control right, the difference between each disposal price and the book value of long-term equity investment correspondingly in equity disposed shall be firstly recognised in the other comprehensive income and then wholly transferred into the current profit and loss when losing control right.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

13. Fixed assets

The Group's fixed assets refer to any tangible assets that are held for the purpose of producing goods, providing labor services, leasing, or operation or management, with a useful life of more than one year.

Fixed assets are recognised when it is highly probable of economic benefits inflow to the Group and their costs can be measured reliably. The Group's fixed assets include buildings, machinery, transportation equipment, and office equipment.

Other than fixed assets that are fully depreciated and remain in use as well as land that is separately measured and accounted, the Group provides depreciation for all fixed assets. The Group provides depreciation under the straight line method. The classified depreciation life, estimated net residual value rate and depreciation rate in aspect to various fixed assets of the Group are listed as follows:

No.	Type	Depreciation life (year)	Estimated residual value rate (%)	Annual depreciation rate (%)
1	Houses and buildings	30	5	3.17
2	Machinery and equipment	10	5	9.50
3	Transportation equipment	5	5	19
4	Office equipment and others	5	5	19

The Group should re-examine the service life, estimated net residual rate and depreciation method as to the fixed assets, at the end of each year. Any changes should be treated as the accounting estimate change.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Borrowing costs

The Group capitalizes the borrowing costs directly attributable to the construction or production of assets that meet the capitalization conditions and includes them in the cost of the relevant assets. Other borrowing costs are included in the current profits and losses. The assets determined by the Group to qualify for capitalization include fixed assets, investment properties and inventories that require more than 1 year of acquisition or construction to be ready for intended use or selling shall be capitalised when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets be ready for intended use or selling to begin. When the assets meeting the capitalisation requirements are acquired or constructed to be ready for intended use or selling, the capitalisation shall be terminated, and the borrowing costs incurred subsequently shall be included in the current profits and losses. If assets satisfying capitalisation conditions are suddenly suspended in acquisition or construction for more than three months continuously, the capitalisation of the borrowing costs shall be suspended until the restart of acquisition or construction of the assets.

In each accounting period within the capitalization period, the Group recognizes the capitalized amount of borrowing costs according to the following method: if a special loan is borrowed, the actual incurred interest costs in current period shall be determined after the interest income from deposits in banks or investment income from temporary investment with the unused borrowings is deducted from it. General borrowings shall be determined by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings with the capitalisation rate of general borrowings used. The capitalisation rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

15. Intangible assets

The intangible assets of the Group include patented technology, non-patented technology, prototype in self development, software, etc., which shall be measured at actual cost when being obtained; for the intangible assets purchased, price actually paid and related other expenditure shall be deemed as actual cost; and for the intangible assets invested by the investor, value agreed in accordance with investment contract or agreement is recognised as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognised at fair value. However, for intangible assets acquired by the acquiree in a merger not under the common control, but not recognised in its financial statements, the assets are initially recognised at fair value.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Intangible assets *(Continued)*

(1) Useful life and its basis for determination, estimation, amortization method or review procedure

The Group's patented technologies and other intangible assets are amortized on an average basis over their estimated useful lives from the date of acquisition to the maturity date. Intangible assets such as non-patented technology, prototype in development and software shall be amortised at average as per the shortest one of the estimated service life, benefit year stipulated in the contract and effective service life stipulated by law. Amortised amount shall be included in related asset cost and current profits and losses as per the benefit object. The Company rechecks the expected service life and amortisation method of intangible assets with uncertain service life at the end of each year. In case of any change, it shall be treated as changes in accounting evaluation for handling.

The amortisation method and amortisation life of the Group's various intangible assets are as follows:

Type	Amortisation method	Amortisation life (year)	Basis for determination
Prototype in development	Straight-line method	5	Estimated useful life
Patent rights	Straight-line method	10	Expected income period
Non-patented technology	Straight-line method	10	Expected income period
Software	Straight-line method	2-10	Estimated useful life
Others	Straight-line method	5	Estimated useful life

The amortization amount is recorded in the cost of related assets and current profit and loss according to its beneficiaries. The estimated useful life and amortization method of intangible assets with finite useful lives are reviewed at the end of each year. Any changes are treated as changes in accounting estimates.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Intangible assets *(Continued)*

(2) Scope of aggregation of R&D expenses and related accounting treatment methods

The scope of the Group's R&D expenses includes employee salaries of research and development personnel, direct investment expenses, depreciation and amortization expenses, design expenses, equipment commissioning expenses, commissioned external research and development expenses, and other expenses, etc.

Depending on the nature of internal research and development project expenditures and whether there is greater uncertainty in the eventual formation of intangible assets from research and development activities, the Group divides them into research phase expenditures and development phase expenditures

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred.

Expenditure on the development phase is capitalised as intangible assets only if all of the following conditions are satisfied, expenditure on the development phase which cannot met all of the following conditions are recognised in current profit or loss:

(1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) the management's intention to complete, use or sell the intangible asset;

(3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;

(5) its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Expenditures on research and development which cannot be distinguished between the research phase and development phase are recognised in profit or loss when incurred.

The Group's development expenditures on new products (technologies) resulting from product (technology) upgrades and improvements based on the original technology platform are included in the current profit and loss when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Impairment of long-term assets

The Group re-examines long-term equity investment, investment properties measured using the cost model, fixed assets, project under construction, right-of-use assets, intangible assets with limited useful life and other items at each balance sheet date. When there is any indication of impairment, the Group performs an impairment test. Goodwill, intangible assets with indefinite useful lives, and development expenditures that have not yet reached their intended usable state are subject to impairment testing at the end of each year regardless of whether there are signs of impairment.

When the Group conducts impairment testing, it determines its recoverable amount based on the higher of the net amount of the asset's fair value minus disposal costs and the present value of the asset's expected future cash flows. After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference is recognized as an impairment loss.

The Group estimates the recoverable amount on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflows of other assets or asset groups.

The net amount of fair value less disposal expenses is determined by referring to the sales agreement price or observable market price of similar assets in an orderly transaction occurring on the measurement date, less the incremental costs directly attributable to the disposal of the asset. When estimating the present value of future cash flows, management estimates the future cash flows from the asset during its continuing use and upon its eventual disposal and select an appropriate discount rate to determine the present value of future cash flows.

Upon confirmation, the above asset's impairment loss will not be reversed in subsequent accounting periods.

17. Employee compensation

Employee compensation includes short-term compensation, post-employment benefits, termination benefits, and other long-term benefits.

Short-term compensation mainly includes employee wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance premiums, work-related injury insurance premiums and maternity insurance premiums, housing provident funds, union funds and employee education funds, short-term paid absenteeism, short-term profit-sharing plans, non-monetary benefits, and other short-term pay, etc. During the accounting period when employees provide services, the actual short-term compensation is recognised as liability and included in the current profit and loss or the cost of related assets according to the beneficiary.

Post employment benefits including the endowment insurance, and unemployment insurance, and classified into defined contribution plan according to the risks and liabilities assumed by the Company. As for defined contribution plan under which the Group consumed obligation of making payment to independent funds, in order to exchange for staff services to be provided during the accounting period, shall be recognised as liabilities, and included in the profit or loss or related assets cost of the current period of the beneficiary.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Employee compensation *(Continued)*

(1) Domestic companies affiliated to the Group

The Group participates in the pension insurance and unemployment insurance plans established by government agencies as required. According to the regulations of these plans, the Group pays 16% and 0.7% (2024: 16% and 0.7%) of the basic wages of employees to such plans on a monthly basis, respectively. Wait for the plan to pay the fee. In addition to the above-mentioned deposit fees, the Group will not undertake any further payment obligations, nor can it use the forfeited contributions. Corresponding expenses are included in the current profit and loss or related asset costs when incurred.

(2) Hong Kong company affiliated to the Group

The Group's companies established in Hong Kong participate in the Mandatory Provident Fund Scheme ("MPF Scheme"), to which the Group contributes 5% (2024: 5%) of the basic salaries of its employees, and the assets of the MPF Scheme are held separately from those of the Group in a fund controlled by the trustee. Contributions made by the Company to the MPF Scheme will be received by employees in accordance with statutory requirements and the terms of the scheme. If an employee leaves the MPF Scheme before the contributions have reached full vesting, the future amount payable by the Group to the MPF Scheme will be reduced by the amount forfeited to the MPF Scheme. There are no forfeited MPF scheme amounts for the year (2024: Nil) and year end date (2024: Nil).

Dismissal benefits refer to compensation provided to employees for terminating the labor relationship with employees before the expiration of the labor contract between the Group and the employee, or for encouraging the employees to voluntarily accept the reduction. For employees who have not terminated the labor contract with the Group but will no longer provide services for the Group in the future and cannot bring economic benefits to the Group, if the Group is committed to providing economic compensation with the nature of dismissal benefit, in case of "early retirement", economic compensation shall be treated as dismissal benefit before the official retirement date, and shall be treated as post-employment benefits after the official retirement date.

Other long-term employee benefits refer to the employee benefits except for short-term benefits, postemployment benefit and dismissal benefit, including long-term compensated absences, long-term disability benefit, long-term profit sharing plan, etc.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Revenue recognition principles and measurement

(1) General principles

The Group recognises revenue when it has fulfilled its performance obligations in the contract, that is, when the customer has obtained control of the related goods or services. Obtaining control over relevant goods or services means being able to direct the use of the goods or the provision of the services and obtain almost all economic benefits from them.

Performance obligations are the Group's promise in a contract to transfer distinct goods to its customers. The performance obligation of the Group is deemed to be performed within a certain period of time if one of the following conditions is met; otherwise, it is deemed to be performed at a certain point in time: ① the customer obtains and consumes the economic benefits brought about by the performance of the Group at the same time as the performance of the Group; ② the customer is able to control the goods under construction during the performance of the Group; ③ the goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to collect payment for the performance completed to date during the entire contract period.

For performance obligations that are satisfied at a point in time, the Group recognizes revenue when the customer obtains control of the related goods. When judging whether a customer has obtained control over a commodity, the Group comprehensively considers the following signs: ① The Group has the current right to receive payment for the commodity, i.e., the customer has the current obligation to pay for the commodity; ② The Group has transferred the legal title to the commodity to the customer, i.e., the customer already has the legal title to the commodity; ③ The Group has physically transferred the commodity to the customer, i.e., the customer has physically possessed the commodity; ④ The Group has transferred the major risks and rewards of ownership of the commodity to the customer, i.e., the customer has obtained the major risks and rewards of ownership of the commodity; ⑤ The customer has accepted the commodity; ⑥ Other signs indicating that the customer has obtained control over the commodity.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Revenue recognition principles and measurement *(Continued)*

(2) Specific methods

The Group's operating income mainly includes income from sales of goods, income from provision of labor services, and income from trade.

(1) Income from sales of goods

The Group is mainly engaged in the sales of communication antenna products and agricultural and sideline products. In respect of the sales of communication antenna products, the specific principle for recognizing revenue from the sales of goods by the Group is to recognize revenue at the point when the customer obtains control of the relevant goods. The sales contracts between the Group and its customers usually stipulate that the time point for the transfer of control rights of the products is when the products are shipped and finally accepted by the customer.

In respect of the sales of agricultural and sideline products, as the Group obtains control of goods from a third party and then transfers them to customers, it assumes the main responsibility for transferring goods to customers and assumes inventory risks during the transaction process, and has the right to independently determine the price of the commodities being traded, so the Group's identity in the transaction is the main responsible person. Trading revenue is recognized based on the total consideration that the Group is expected to be entitled to receive as agreed in the contract. The Group recognizes revenue from the sale of goods after the goods are shipped and confirmed by the customer's signature.

(2) Income from providing labor services

The Group's income from providing labor services is mainly income from entrusted processing of labor services. The specific recognition principle of the Group's income from providing labor services is that the revenue is recognized when the customer obtains control of the service. In the entrusted processing agreement between the Group and its customers, it is usually stipulated that if the entrusted processing materials pass the inspection and are delivered to the customer, the transfer of control rights will be deemed.

19. Contractual liabilities

Contract liabilities reflect the obligation of the Group to transfer goods to customers due to the consideration received or receivable by the Group. Contract assets and contract liabilities under the same contract are presented at net amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

20. Government subsidy

Government subsidy is recognised when the Group can meet the attached conditions and can receive the subsidy. When the government subsidy is a monetary asset, it is measured according to the actual amount received. For the subsidy allocated according to the fixed quota standard, or when there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated in the financial support policy and it is expected to be able to receive the financial support funds, it is measured at the receivable amount; when the government subsidy is a non-monetary asset, it is measured at its fair value; when the fair value cannot be obtained reliably, it is measured at its nominal amount (RMB1).

The Group's asset-related government subsidies refer to those obtained by the Group for purchase, construction or otherwise formation of long-term assets; revenue-related government subsidies refer to those other than asset-related government subsidies. If the target of subsidy is not clearly specified in the government documents, the Group judges on the above-mentioned distinction principle. If it is difficult to distinguish, it is classified as revenue-related government subsidy.

The asset-related government subsidies are used to write down the book value of the related assets or recognised as deferred incomes. Asset-related government subsidies recognised as deferred incomes are charged to profit or loss for the current period in stages over the service life of the relevant asset in a reasonable manner. Where the relevant asset is sold, transferred, scrapped or damaged before the end of its service life, the unappropriated balance of the relevant deferred incomes is charged to the profit or loss of the asset disposal period.

The revenue-related government subsidies used to compensate for the relevant costs or losses in the later period are recognised as deferred incomes, and are charged to the current profit or loss or used to write down relevant costs during the period when relevant costs or losses are recognised. Government subsidies related to daily activities are charged to other incomes or used to write down relevant costs in accordance with the essence of economic operation. Government subsidies unrelated to daily activities are charged to non-operating income.

If the Group obtains preferential policy loan interest discounts, distinguish the government's appropriation of the interest subsidy to the lending bank and direct appropriation of such subsidy to the Group, accounting treatment shall be carried out according to the following principles: (1) where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Group at a policy-based preferential interest rate, the Group will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate. (Or if the fair value of the loan is used as the book value of the loan and the borrowing costs are calculated according to the effective interest rate method, the difference between the actual amount received and the fair value of the loan is recognized as deferred income. Deferred income is amortized using the effective interest rate method over the duration of the loan to offset related borrowing costs.); (2) where the interest subsidies are paid directly to the Group, the Group will use such interest subsidies to offset the corresponding borrowing costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognised based on the difference between tax bases and carrying amounts of assets and liabilities (temporary differences), and calculated and recognised based on the (temporary difference) arise from the difference between the tax base of an item that is not recognized as an asset or liability but whose tax base can be determined in accordance with tax laws and its book value.

The Group recognizes deferred income tax liabilities for all taxable temporary differences except in the following situations: (1) temporary differences arise from the initial recognition of goodwill or the initial recognition of assets or liabilities arising from transactions other than business combinations that affect neither accounting profits nor taxable income (or deductible losses); (2) for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, the Group is able to control the timing of the reversal of the temporary differences and the temporary differences are likely not to be reversed in the foreseeable future.

To the extent that it is probable that future taxable profit will be available to deduct from the deductible temporary difference, deductible losses and tax credits, the Group recognizes deferred income tax assets for deductible temporary differences, deductible losses and tax credits arising except in the following situations: (1) temporary differences arise from the initial recognition of assets or liabilities arising from transactions other than business combinations that affect neither accounting profits nor taxable income (or deductible losses); (2) deductible temporary differences related to investments in subsidiaries, associates and joint ventures cannot meet the following conditions at the same time: the temporary difference is likely to be reversed in the foreseeable future, and it is likely that taxable income will be obtained in the future that can be used to offset the deductible temporary difference.

The Group recognizes deferred income tax assets for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available against which the deductible losses can be utilized. Management uses a lot of judgment to estimate the time and amount of taxable income in the future, and combines tax planning strategies to determine the amount of deferred income tax assets that should be recognized, so there is uncertainty.

At balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates for the period when the asset is expected to be realized or the liability is expected to be settled.

When the following conditions are met at the same time, the Group will present the deferred income tax assets and deferred income tax liabilities as the net amount after offsetting: the Group has the legal right to settle current income tax assets and current deferred income tax liabilities on a net basis; deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection and administration department on the same taxpayer or different tax entities, but in each future period when significant deferred income tax assets and deferred income tax liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and current income tax liabilities on a net basis or to obtain assets and pay off debts at the same time.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Lease

(1) Identification of lease

On the contract commencement date, the Group evaluates whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if one party to the contract has surrendered the right to control the use of one or more identified assets within a certain period of time in exchange for consideration.

Where the contract includes multiple separate leases, the Group splits the contract and carries out accounting treatment for each separate lease. Where the contract includes both leased and nonleased parts, the Group separates the leased and non-leased parts for accounting treatment. Each leasing part is accounted for in accordance with the leasing standards, and the non-lease part is accounted for in accordance with other applicable accounting standards for enterprises./ If the contract contains both lease and non-lease components, the Group, as the lessor, will separate the lease and non-lease components and conduct accounting treatment separately. Each leasing part is accounted for in accordance with the leasing standards, and the non-lease part is accounted for in accordance with other applicable accounting standards for enterprises. As a lessee, the Group chooses not to separate the lease and non-lease parts, but merges each lease part and its related non-lease parts into leases, and performs accounting treatment in accordance with the lease standards. However, if the contract includes embedded derivatives that should be separated, the Group will not combine them with the lease component for accounting treatment.

When the Group evaluates whether it is reasonably certain to exercise the lease renewal option, it comprehensively considers all relevant facts and circumstances that will bring economic benefits to the Group from the exercise of the lease renewal option, including anticipated changes in facts and circumstances between the lease commencement date and the option exercise date. On the commencement date of the lease period, if the Group believes that the contract terms and conditions during the renewal option period are more favorable compared to the market price, or during the contract period, the Group has made or is expected to make major improvements to the leased assets, the leased assets are important to the Group's operations and it is difficult to obtain suitable replacement assets, then the Group can reasonably determine that it will exercise the lease renewal option, therefore, the lease term includes the period covered by the lease renewal option. After the commencement date of the lease period, if a major event or change occurs within the control of the Group and affects whether the Group can reasonably determine whether to exercise the corresponding lease renewal option, the Group will re-evaluate whether to exercise the lease renewal option and modify the lease term based on the re-evaluation results.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Lease *(Continued)*

(2) The Group as the lessee

1) Lease confirmation

Except for short-term leases and leasing of low-value assets, at the beginning of the lease term, the Group recognises the right-of-use assets and lease liabilities for the lease.

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee and is initially measured at cost. The cost includes: ① the amount of the initial measurement of the lease liability; ② any lease payments made at or before the commencement date(less any lease incentives received); ③ any initial direct costs incurred by the lessee; ④ an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (except for the production of inventory). If the Group re-measures lease liability in accordance with the relevant provisions of the lease standards, the book value of the right-of-use assets shall be adjusted accordingly.

The Group depreciates the right-to-use asset by the straight-line method based on the expected consumption mode of economic benefits related to the right-to-use asset. If the ownership of lease asset can be reasonably confirmed to be acquired at the expiration of lease term, the depreciation shall be carried out within the remaining service life of lease asset; otherwise, the depreciation shall be carried out within the remaining lease term or the service life of lease asset, whichever is shorter. The depreciation amount for provision is included in the cost of underlying assets or the current profits and losses according to the use of the right-to-use asset.

The Group initially measures the lease liabilities according to the present value of the lease payment which is not made at the commencement of the lease term. Lease payment includes ① fixed payment and substantial fixed payment, of which the amount related to lease incentive shall be deducted if there is lease incentive; ② variable lease payment depending on index or ratio; ③ exercise price of purchase option when the Group reasonably determines to exercise purchase option; ④ payment made for exercising the option to terminate the lease when the lease term reflects that the Group exercises such option; ⑤ amount expected to be paid according to the guaranteed residual value provided by the Group.

In calculating the present value of the lease payments, the Group uses the intrinsic lease rate as the discount rate, where the intrinsic lease rate cannot be determined by the Group, the incremental borrowing rate as the discount rate. The Group calculates the interest expense of the lease liability for each period during the lease term at a fixed periodic interest rate and records it in the current profits and losses, except those that should be capitalized.

After the start date of the lease period, when the Group recognizes the interest on the lease liability, it increases the carrying amount of the lease liability. When a lease payment is made, the carrying amount of the lease liability is reduced. When the actual fixed payment amount changes, the estimated amount payable of the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the evaluation results or actual exercise of the purchase option, lease renewal option or termination option change, the Group remeasures the lease liability based on the present value of the changed lease payments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Lease *(Continued)*

(2) The Group as the lessee *(Continued)*

2) Lease changes

Lease changes refer to changes in the lease scope, lease consideration, and lease term beyond the original contract terms, including the addition or termination of the right to use one or more leased assets, and the extension or shortening of the lease term stipulated in the contract. The effective date of a lease change is the date on which the parties agree on a lease change.

When a lease is changed and the following conditions are simultaneously met, the Group accounts for the lease change as a separate lease: ① The lease change expands the scope of lease by adding the right to use one or more leased assets; ② The consideration and expansion of lease scope or the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group allocates the consideration of the contract after the change in accordance with the relevant provisions of the lease standards and re-determines the lease term after the change, and adopts the revised discount rate to discount the lease payment after the change, so as to remeasure the lease liabilities. Regarding the impact of the adjustment to the above lease liabilities, the Group distinguishes the following situations for accounting treatment: ① Where the lease change narrows the lease scope or shortens the lease term, the lessee shall reduce the book value of the right-of-use assets and charge the relevant gains or losses from partial termination or complete termination to the current profit or loss. ② Where the lease liabilities are re-measured due to other lease changes, the lessee adjusts the book value of the right-of-use assets accordingly.

3) Short-term lease and lease of low-value assets

For short-term leases with a lease term of not more than 12 months and leases of low-value assets with low value when the single leased asset is brand new asset, the Group chooses not to recognise right-of-use assets and lease liabilities. The Group charges the lease payments for short-term leases and leases of low-value assets to the relevant asset costs or current profits or losses using systematic and reasonable methods in each stage during the lease term.

4) Sale and leaseback

As the seller and lessee in the sale and leaseback transaction, the Group evaluates whether the transfer of the relevant underlying assets constitutes a sale. If the Group determines that it does not constitute a sale, the Group continues to recognize the transferred assets and at the same time recognize a financial liability equal to the transfer income. If it constitutes a sale, the Group measures the right-of-use asset resulting from the sale and leaseback at the portion of the book value of the original asset that relates to the right of use acquired through leaseback, and recognises gain or loss only on the right transferred to the lessor. When subsequently measuring the lease liability arising from a sale and leaseback, the lease payments or modified lease payments are determined in a manner that does not result in the Group recognizing any gains or losses related to the right of use obtained from the leaseback (unless the lease modification results in a reduction in the scope of the lease or a shortening of the lease term).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Lease *(Continued)*

(3) The Group as the lessor

As a lessor, if a lease transfers substantially all the risks and rewards related to the ownership of the leased asset, the Group classifies the lease as a finance lease, otherwise it is classified as an operating lease.

1) Financial lease

At the beginning of the lease term, the Group recognises financial lease receivables for financial leases and ceases to recognise financial lease assets. When the Group performs the initial measurement of financial lease receivables, the net lease investment is used as the entry value of the financial lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of the lease proceeds that have not been received at the beginning of the lease term, discounted at the interest rate implicit in the lease. The Group calculates and recognises interest income for each stage in the lease term at a fixed periodic interest rate. Variable lease payments obtained by the Group that are not included in the measurement of net lease investment are included in the current profit and loss when actually incurred.

2) Operating lease

In each stage of the lease term, the Group adopts systematic and reasonable methods to recognise the lease receipts from operating leases as rent incomes.

The initial direct costs incurred by the Group related to operating leases are capitalised to the costs of the underlying assets of the lease, and shall be charged to the current profits or losses in stages during the lease term on the same basis as the rent income.

The variable lease payments obtained by the Group related to operating leases and not charged to the lease receipts are charged to the current profits or losses when they are actually incurred.

Where an operating lease changes, the Group accounts for it as a new lease from the effective date of the change, and deems the advanced lease receipts or lease receivables related to the lease before the change as the new lease receipts.

3) Sale and leaseback

As the buyer and lessor in a sale and leaseback transaction, if the control of the relevant underlying assets has not been transferred to the Group, the Group will not recognize the transferred assets, but will recognize a financial asset equal to the transfer income. If the control of the relevant underlying assets has been transferred to the Group and the transfer of the assets constitutes a sale, the Group will account for the purchase of the assets and the leasing of the assets in accordance with the aforementioned policies.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

23. Fair value measurement

The Group measures investment properties, derivative financial instruments and investments in equity instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

Assets and liabilities measured or disclosed at fair value in the financial statements are classified into the following fair value levels based on the lowest level of input that is significant to the fair value measurement as a whole: level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities available on the measurement date; level 2 inputs are inputs that are directly or indirectly observable for the related assets or liabilities other than level 1 inputs; and level 3 inputs are unobservable inputs for the related assets or liabilities.

At each balance sheet date, the Group reassesses assets and liabilities that are measured at fair value on a recurring basis in its financial statements to determine whether a transfer has occurred between levels of fair value measurement.

24. Change of significant accounting policy and accounting estimates

(1) Change of significant accounting policy

None.

(2) Change of significant accounting estimates

None.

IV. TAXATION

1. Major taxes and tax rates

Tax type	Taxation basis	Tax rate
Mainland China corporate income tax		
– VAT	Sales of products, property lease	13.00%, 9.00%, 5.00%
– Urban maintenance and construction tax	Turnover tax payable	7.00%, 5.00%
– Corporate income tax	Taxable incomes	25.00%, 15.00%
– Education surcharge	Turnover tax payable	3.00%
– Local education surcharge	Turnover tax payable	2.00%
China Hong Kong profit tax	Taxable incomes	16.50%

Description of taxpayers of different corporate income tax rates:

Taxpayer's name	Income tax rate
Xi'an Haitian Antenna Technologies Co., Ltd.	15.00%
Xi'an Haitian Wireless System Equipment Co., Ltd.	25.00%
Xi'an Haitian Communication System Engineering Co., Ltd.	25.00%
Haitian Antenna (Shanghai) International Trade Co., Ltd.	25.00%
Yixian Hailan Natural Agricultural Development Co., Ltd.	25.00%
Xi'an Haitian Marine Technologies Co., Ltd.	25.00%
Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd.	25.00%
Suzhou Haitian New Antenna Technologies Co., Ltd	25.00%
海天氫盈(高郵)新能源科技有限公司	25.00%
海天(揚州)新能源科技有限公司	25.00%
Haitian Antenna Technologies (Hongkong) Limited	16.50%

IV. TAXATION *(Continued)*

2. Tax incentives

The corporate income tax rate applicable to the Company is 15.00%. The Company obtained the "Hightech Enterprise Certificate", No. GR202461003049, on 16 December 2024 with a validity period of 3 years. According to Article 28 of the "Enterprise Income Tax Law of the People's Republic of China", the 2025 corporate income tax is calculated and paid at the preferential tax rate of 15.00% for high–tech enterprises after filing and confirmation with the competent tax authority.

The following preferential tax policies are applicable to our subsidiary Yixian Hailan: According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Certain Value-added Tax Policies for the Circulation of Fresh Meat and Eggs (Caishui [2012] No. 75), Provision 1 of the document requires: Some fresh meat and egg products sold by taxpayers engaged in the wholesale and retail of agricultural products are exempted from value-added tax. The fresh meat and egg products sold by the Yixian Hailan are exempted from value-added tax.

According to the "Announcement on Relevant Tax Policies to Further Support the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement No. 12, 2023, of the Ministry of Finance and the State Administration of Taxation), from 1 January 2023 to 31 December 2027, small-scale value-added tax taxpayers, small low-profit enterprises and individual industrial and commercial households would be levied half of the resource tax (excluding water resources tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp tax (excluding securities transaction stamp tax), farmland occupation tax and education surcharge, and local education surcharge. Subsidiaries of the Company, including Xi'an Haitian Wireless System Equipment Co., Ltd., Xi'an Haitian Communication System Engineering Co., Ltd., Haitian Antenna (Shanghai) International Trade Co., Ltd., Yixian Hailan Natural Agricultural Development Co., Ltd., Xi'an Haitian Marine Technologies Co., Ltd., Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd., are all eligible for this preferential tax policy.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

As to the data of the financial statements disclosed below, unless otherwise specified, "opening" means 1 January 2025; "closing" means 31 December 2025; "the year" means the year from 1 January to 31 December 2025; the "last year" means the year from 1 January to 31 December 2024. The currency unit is in RMB.

1. Cash at bank and on hand

(1) Items of cash at bank and on hand

Items	Closing balance	Opening balance
Cash on hand	4,519.41	4,520.51
Bank deposits	1,275,526.23	2,858,141.20
Other monetary capitals	63,204.24	272,175.95
Total	**1,343,249.88**	**3,134,837.66**
Of which: Total amount deposited overseas	39,318.42	41,636.93

The total amount deposited overseas by the Group is RMB39,318.42, which was the total amount deposited overseas by Haitian Hong Kong, a subsidiary of the Company. There is no restriction on repatriation of the above-mentioned funds deposited overseas.

(2) Use of restricted cash at bank and on hand

Items	Closing balance	Opening balance
Margin account	62,920.97	271,892.95
Others	3,819.98	1,814.16
Total	**66,740.95**	**273,707.11**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Accounts receivable

(1) Accounts receivable presented by aging

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

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	21,976,442.88	10,650,310.00
1-2 years	2,051,571.25	945,532.95
2-3 years	483,274.90	1,333,404.52
Over 3 years	3,210,413.34	1,877,008.82
Of which: 3-4 years	1,333,404.52	381,433.02
4-5 years	381,433.02	0.00
Over 5 years	1,495,575.80	1,495,575.80
Total	**27,721,702.37**	**14,806,256.29**

The Group's sales in Mainland China are conducted on credit terms, generally granting customers a payment period of 30 to 90 days.

(2) Accounts receivable presented by bad debts provision method

	Closing balance				
	Book balance		Provision for bad debts		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts by single item	1,353,385.32	4.88	1,353,385.32	100.00	0.00
Provision for bad debts by portfolio	26,368,317.05	95.12	2,182,878.65	8.28	24,185,438.40
Of which: Aging portfolio	25,513,398.53	92.04	2,182,878.65	8.56	23,330,519.88
Low-risk portfolio	854,918.52	3.08	0.00	0.00	854,918.52
Total	**27,721,702.37**	**100.00**	**3,536,263.97**	**—**	**24,185,438.40**

(Table continued)

	Opening balance				
	Book balance		Provision for bad debts		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts by single item	1,353,385.32	9.14	1,353,385.32	100.00	0.00
Provision for bad debts by portfolio	13,452,870.97	90.86	1,063,764.83	7.91	12,389,106.14
Of which: Aging portfolio	12,708,931.80	85.84	1,063,764.83	8.37	11,645,166.97
Low-risk portfolio	743,939.17	5.02	0.00	0.00	743,939.17
Total	**14,806,256.29**	**100.00**	**2,417,150.15**	**—**	**12,389,106.14**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Accounts receivable *(Continued)*

(2) Accounts receivable presented by bad debts provision method *(Continued)*

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

Name	Opening balance			Closing balance			
	Book balance	Provision for bad debts	Provision ratio (%)	Book balance	Provision for bad debts	Provision ratio (%)	Reason for provision
Shaanxi Yijia Haosen Industrial Development Co., Ltd.	1,298,167.80	1,298,167.80	100.00	1,298,167.80	1,298,167.80	100.00	Expected to be unrecoverable
※-1	3,720.00	3,720.00	100.00	3,720.00	3,720.00	100.00	Expected to be unrecoverable
※-2	735.60	735.60	100.00	735.60	735.60	100.00	Expected to be unrecoverable
※-3	1,740.00	1,740.00	100.00	1,740.00	1,740.00	100.00	Expected to be unrecoverable
※-4	36,393.00	36,393.00	100.00	36,393.00	36,393.00	100.00	Expected to be unrecoverable
※-5	12,588.92	12,588.92	100.00	12,588.92	12,588.92	100.00	Expected to be unrecoverable
※-6	40.00	40.00	100.00	40.00	40.00	100.00	Expected to be unrecoverable
Total	**1,353,385.32**	**1,353,385.32**	**–**	**1,353,385.32**	**1,353,385.32**	**–**	**–**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Accounts receivable *(Continued)*

(2) Accounts receivable presented by bad debts provision method *(Continued)*

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)	21,336,965.86	640,108.98	3.00
1-2 years	1,884,899.75	188,489.98	10.00
2-3 years	431,709.90	86,341.98	20.00
3-4 years	1,297,011.52	778,206.91	60.00
4-5 years	365,403.50	292,322.80	80.00
Over 5 years	197,408.00	197,408.00	100.00
Total	**25,513,398.53**	**2,182,878.65**	**–**

Other portfolio

Portfolio name	Book balance	Closing balance Provision for bad debts	Provision ratio (%)
Low-risk portfolio	854,918.52	0.00	0.00
Total	**854,918.52**	**0.00**	**0.00**

(3) Provision, recovery or write-back for bad debts of accounts receivable for the year

Type	Opening balance	Provision	Amount of changes for the year Recovered or written-back	Charge-off or write-off	Others	Closing balance
Provision for bad debts	2,417,150.15	1,119,113.82	0.00	0.00	0.00	3,536,263.97
Total	**2,417,150.15**	**1,119,113.82**	**0.00**	**0.00**	**0.00**	**3,536,263.97**

(4) Account receivables actually written off during the year

None.

(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 RMB23,988,972.98, accounting for 86.53% 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 RMB2,799,524.02.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Advanced payments

(1) Aging of advanced payments

	Closing balance		Opening balance	
Items	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	185,141.30	100.00	45,845.67	50.42
1-2 years	0.00	0.00	6,005.81	6.61
2-3 years	0.00	0.00	5,780.00	6.36
Over 3 years	0.00	0.00	33,289.27	36.61
Total	**185,141.30**	**100.00**	**90,920.75**	**100.00**

(2) Advanced payments of top 5 recipients by closing balance

The aggregate amount of advanced payment of top 5 recipients by closing balance for the year amounted to RMB182,207.21, accounting for 98.42% of the balance of total advanced payments as at the end of the year.

4. Other receivables

Items	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	671,969.17	1,111,606.65
Total	**671,969.17**	**1,111,606.65**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4.1 Other receivables

(1) Classification of other receivables by nature

Nature of fund	Closing book balance	Opening book balance
Current accounts	701,147.50	684,731.50
Deposits and security fund	155,716.05	560,521.05
Provisional deposit	149,347.13	115,500.39
Total	**1,006,210.68**	**1,360,752.94**

(2) Other receivables presented by aging

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	570,995.75	35,756.97
1-2 years	32,455.02	645,952.11
2-3 years	156,716.05	0.00
Over 3 years	246,043.86	679,043.86
Of which: 3-4 years	0.00	580,000.00
4-5 years	150,000.00	36,480.72
Over 5 years	96,043.86	62,563.14
Total	**1,006,210.68**	**1,360,752.94**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debt provision method

	Closing balance				
	Book balance		Provisions for bad debts		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts by single item	149,299.78	14.84	149,299.78	100.00	0.00
Provisions for bad debts by portfolio	856,910.90	85.16	184,941.73	21.58	671,969.17
Of which: Aging portfolio	551,847.72	54.84	184,941.73	33.51	366,905.99
Low-risk portfolio	305,063.18	30.32	0.00	0.00	305,063.18
Total	**1,006,210.68**	**100.00**	**334,241.51**	**–**	**671,969.17**

(Table continued)

	Opening balance				
	Book balance		Provisions for bad debts		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts by single item	113,519.78	8.34	113,519.78	100.00	0.00
Provisions for bad debts by portfolio	1,247,233.16	91.66	135,626.51	10.87	1,111,606.65
Of which: Aging portfolio	571,211.72	41.98	135,626.51	23.74	435,585.21
Low-risk portfolio	676,021.44	49.68	0.00	0.00	676,021.44
Total	**1,360,752.94**	**100.00**	**249,146.29**	**–**	**1,111,606.65**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debt provision method *(Continued)*

1) Provision for bad debts of other receivables by single item

Name	Closing balance Book balance	Closing balance Provisions for bad debts	Closing balance Provision ratio (%)	Opening balance Book balance	Opening balance Provisions for bad debts	Opening balance Provision ratio (%)	Reason for provision
Xi'an New Haitian Communication Co., Ltd.	49,563.14	49,563.14	100.00	49,563.14	49,563.14	100.00	Expected to be unrecoverable
Dongguan Dalang Shenghe Plastic Products Factory* (東莞市大朗勝和塑膠製品廠)	20,300.00	20,300.00	100.00	20,300.00	20,300.00	100.00	Expected to be unrecoverable
Changzhou Qisheng Mould Co., Ltd.* (常州市旗勝模具有限公司)	43,656.64	43,656.64	100.00	43,656.64	43,656.64	100.00	Expected to be unrecoverable
Changshu Shunlida Plastic Products Factory* (常熟市順利達塑料製品廠)	30,000.00	30,000.00	100.00	0.00	0.00	100.00	Expected to be unrecoverable
Suzhou Meizhiweilan Electronic Instruments Co., Ltd.* (蘇州美之唯藍電子儀器有限公司)	5,780.00	5,780.00	100.00	0.00	0.00	100.00	Expected to be unrecoverable
Total	**149,299.78**	**149,299.78**	–	**113,519.78**	**113,519.78**	–	–

2) Provision for bad debts of other receivables by portfolio

Aging portfolio

Aging	Book balance	Closing balance Provisions for bad debts	Provision ratio (%)
Within 1 year (inclusive)	215,367.00	6,461.01	3.00
1-2 years	80,000.00	8,000.00	10.00
2-3 years	70,000.00	14,000.00	20.00
4-5 years	150,000.00	120,000.00	80.00
Over 5 years	36,480.72	36,480.72	100.00
Total	**551,847.72**	**184,941.73**	–

Other portfolio

Portfolio name	Book balance	Closing balance Provisions for bad debts	Provision ratio (%)
Low-risk portfolio	305,063.18	0.00	0.00
Total	**305,063.18**	**0.00**	**0.00**

* *For identification purposes only*

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debt provision method *(Continued)*

3) Provisions for bad debts for other receivables are made according to the general expected credit loss model

Provisions for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (not credit impaired)	Stage 3 Lifetime expected credit losses (credit impaired)	Total
Balance at 1 January 2025	9,441.93	126,184.58	113,519.78	249,146.29
Book balance at 1 January 2025 for the year	—	—	—	—
–Transfer to stage 2	0.00	0.00	0.00	0.00
–Transfer to stage 3	0.00	0.00	0.00	0.00
–Written back to stage 2	0.00	0.00	0.00	0.00
–Written back to stage 1	0.00	0.00	0.00	0.00
Provision for the year	-2,980.92	52,296.14	35,780.00	85,095.22
Written-back for the year	0.00	0.00	0.00	0.00
Charge-off for the year	0.00	0.00	0.00	0.00
Written-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at 31 December 2025	**6,461.01**	**178,480.72**	**149,299.78**	**334,241.51**

(4) Provisions for bad debts for other receivables made, recovered or reversed for the year

Type	Opening balance	Amounts of changes for the year Provision	Recovered or written-back	Charge-off or write-off	Others	Closing balance
Provisions for bad debts	249,146.29	85,095.22	0.00	0.00	0.00	334,241.51
Total	**249,146.29**	**85,095.22**	**0.00**	**0.00**	**0.00**	**334,241.51**

(5) Other receivables actually written off during the year

None.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4.1 Other receivables *(Continued)*

(6) Other receivables of top 5 debtors by closing balance

Name of unit	Nature of receivables	Closing balance	Aging	Proportion of total closing balance of other receivables (%)	Provisions for bad debts Closing balance
Yi County Lianggang Town Dailan	Current accounts	416,480.72	Within 3 years, over 4 years	41.39	180,880.72
Xi'an Intermediate People's Court, Shaanxi Province	Current accounts	135,367.00	Within 1 year	13.45	4,061.01
Xi'an New Haitian Communication Co., Ltd.	Current accounts	49,563.14	Over 5 years	4.93	49,563.14
China Telecom Corporation Limited Chongqing Branch	Deposits and security fund	84,000.00	2-3 years	8.35	0.00
Geng Zhi (耿直)	Reserve fund	47,204.36	Within 1 year	4.69	0.00
Total	–	**732,615.22**	–	**72.81**	**234,504.87**

(7) Reported in other receivables due to centralized fund management

None.

(8) Employee Loans Receivables

None.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Inventories

(1) Inventory category

Items	Book balance	Closing balance Provision for inventory impairment	Book value
Raw materials	810,617.28	491,938.92	318,678.36
Inventory goods	5,664,969.80	1,525,662.48	4,139,307.32
Goods delivered	3,904,890.53	0.00	3,904,890.53
Total	**10,380,477.61**	**2,017,601.40**	**8,362,876.21**

(Table continued)

Items	Book balance	Opening balance Provision for inventory impairment	Book value
Raw materials	1,288,885.71	334,050.97	954,834.74
Inventory goods	6,647,744.88	1,358,377.87	5,289,367.01
Goods delivered	3,837,316.36	0.00	3,837,316.36
Total	**11,773,946.95**	**1,692,428.84**	**10,081,518.11**

(2) Provision for inventory impairment

Items	Opening balance	Increase for the year		Decrease for the year		Closing balance
		Provision	Others	Reversal or charge-off	Others	
Raw materials	334,050.97	172,882.44	0.00	14,994.49	0.00	491,938.92
Inventory goods	1,358,377.87	463,221.35	0.00	295,936.74	0.00	1,525,662.48
Total	**1,692,428.84**	**636,103.79**	**0.00**	**310,931.23**	**0.00**	**2,017,601.40**

6. Other current assets

Items	Closing balance	Opening balance
Input tax pending deduction	3,021.53	9,432.86
Prepayment of income tax	0.00	601.22
Total	**3,021.53**	**10,034.08**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	2,543,950.17	3,075,813.05
Disposal of fixed assets	0.00	0.00
Total	**2,543,950.17**	**3,075,813.05**

7.1 Fixed assets

(1) Fixed assets

Items	Houses & buildings	Machinery and equipment	Transportation vehicles	Office equipment and others	Total
I. Original book value					
1. Opening balance	2,283,510.82	6,796,401.58	1,890,576.08	3,800,096.98	14,770,585.46
2. Increase for the year	0.00	40,013.28	0.00	24,705.33	64,718.61
(1) Purchase	0.00	40,013.28	0.00	24,705.33	64,718.61
(2) Other increases	0.00	0.00	0.00	0.00	0.00
3. Decrease for the year	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrapping	0.00	0.00	0.00	0.00	0.00
4. Closing balance	**2,283,510.82**	**6,836,414.86**	**1,890,576.08**	**3,824,802.31**	**14,835,304.07**
II. Accumulated depreciation					
1. Opening balance	728,450.66	3,187,370.12	1,857,919.79	3,266,959.83	9,040,700.40
2. Increase for the year	108,466.92	391,749.75	0.00	39,327.60	539,544.27
(1) Provision	108,466.92	391,749.75	0.00	39,327.60	539,544.27
(2) Other increases	0.00	0.00	0.00	0.00	0.00
3. Decrease for the year	0.00	0.00	0.00	0.00	0.00
(1) Disposal or scrapping	0.00	0.00	0.00	0.00	0.00
4. Closing balance	**836,917.58**	**3,579,119.87**	**1,857,919.79**	**3,306,287.43**	**9,580,244.67**
III. Provision for impairment					
1. Opening balance	0.00	2,145,299.14	0.00	508,772.87	2,654,072.01
2. Increase for the year	0.00	46,963.35	331.86	9,742.01	57,037.22
(1) Provision	0.00	46,963.35	331.86	9,742.01	57,037.22
3. Decrease for the year	0.00	0.00	0.00	0.00	0.00
4. Closing balance	**0.00**	**2,192,262.49**	**331.86**	**518,514.88**	**2,711,109.23**
IV. Book value					
1. Closing book value	**1,446,593.24**	**1,065,032.50**	**32,324.43**	**0.00**	**2,543,950.17**
2. Opening book value	**1,555,060.16**	**1,463,732.32**	**32,656.29**	**24,364.28**	**3,075,813.05**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7.1 Fixed assets *(Continued)*

(2) Temporarily idle fixed assets

Items	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
Machinery and equipment	2,696,761.29	495,821.97	2,192,262.49	8,676.83	Idle
Transportation equipment	6,637.17	6,305.31	331.86	0.00	Idle
Office equipment and others	1,408,045.54	888,476.04	518,514.88	1,054.62	Idle
Total	**4,111,444.00**	**1,390,603.32**	**2,711,109.23**	**9,731.45**	**–**

(3) Fixed assets leased out through operating leases

Items	Closing book value
Houses & buildings	1,446,593.24
Machinery and equipment	234,139.61
Office equipment and others	0.00
Total	**1,680,732.85**

(4) Fixed assets without title certificates

None.

(5) Impairment test of fixed assets

The Group has idle assets that are deemed unsuitable for use in the production and operation of existing products. Therefore, the Group has made an impairment provision on fixed assets of RMB57,037.22 this year based on the net asset value after deducting the net residual value.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Right-of-use assets

Items		Houses & buildings	Land use right	Total
I.	**Original book value**			
1.	Opening balance	3,007,032.93	337,714.80	3,344,747.73
2.	Increase for the year	274,889.99	0.00	274,889.99
(1)	Lease	274,889.99	0.00	274,889.99
3.	Decrease for the year	2,991,879.94	0.00	2,991,879.94
(1)	Disposal	2,991,879.94	0.00	2,991,879.94
(2)	Others	0.00	0.00	0.00
4.	**Closing balance**	**290,042.98**	**337,714.80**	**627,757.78**
II.	**Accumulated depreciation**			
1.	Opening balance	2,813,350.86	117,687.98	2,931,038.84
2.	Increase for the year	219,407.56	18,589.80	237,997.36
(1)	Provision	219,407.56	18,589.80	237,997.36
3.	Decrease for the year	2,985,403.24	0.00	2,985,403.24
(1)	Disposal	2,985,403.24	0.00	2,985,403.24
4.	**Closing balance**	**47,355.18**	**136,277.78**	**183,632.96**
III.	**Provision for impairment**			
1.	Opening balance	0.00	0.00	0.00
2.	Increase for the year	0.00	0.00	0.00
3.	Decrease for the year	0.00	0.00	0.00
4.	**Closing balance**	**0.00**	**0.00**	**0.00**
IV.	**Book value**			
1.	**Closing book value**	**242,687.80**	**201,437.02**	**444,124.82**
2.	**Opening book value**	**193,682.07**	**220,026.82**	**413,708.89**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Intangible assets

(1) Breakdown of intangible assets

Items		Prototype in self-development	Patent	Non-patented technology	Software	Others	Total
I.	**Original book value**						
1.	Opening balance	7,377,537.78	102,220,268.51	17,589,612.92	1,950,959.45	0.00	129,138,378.66
2.	Increase for the year	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Purchase	0.00	0.00	0.00	0.00	0.00	0.00
3.	Decrease for the year	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
4.	**Closing balance**	**7,377,537.78**	**102,220,268.51**	**17,589,612.92**	**1,950,959.45**	**0.00**	**129,138,378.66**
II.	**Accumulated amortisation**						
1.	Opening balance	2,086,031.76	72,952,202.39	17,589,612.92	1,949,373.23	0.00	94,577,220.30
2.	Increase for the year	0.00	4,639,146.24	0.00	1,586.22	0.00	4,640,732.46
	(1) Provision	0.00	4,639,146.24	0.00	1,586.22	0.00	4,640,732.46
3.	Decrease for the year	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
4.	**Closing balance**	**2,086,031.76**	**77,591,348.63**	**17,589,612.92**	**1,950,959.45**	**0.00**	**99,217,952.76**
III.	**Provision for impairment**						
1.	Opening balance	5,291,506.02	12,838,066.12	0.00	0.00	0.00	18,129,572.14
2.	Increase for the year	0.00	130,196.12	0.00	0.00	0.00	130,196.12
	(1) Provision	0.00	130,196.12	0.00	0.00	0.00	130,196.12
3.	Decrease for the year	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Disposal	0.00	0.00	0.00	0.00	0.00	0.00
4.	**Closing balance**	**5,291,506.02**	**12,968,262.24**	**0.00**	**0.00**	**0.00**	**18,259,768.26**
IV.	**Book value**						
1.	**Closing book value**	**0.00**	**11,660,657.64**	**0.00**	**0.00**	**0.00**	**11,660,657.64**
2.	**Opening book value**	**0.00**	**16,430,000.00**	**0.00**	**1,586.22**	**0.00**	**16,431,586.22**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Intangible assets *(Continued)*

(2) Impairment testing of intangible assets

Items	Book value	Recoverable amount	Impairment amount	The number of years in the forecast period	Key parameters for the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
Patented technology of Suzhou Haitian – Base station field	10,910,657.64	11,340,000.00	0.00	/	/	/	/
Patented technology of Suzhou Haitian – WIFI field	880,196.12	750,000.00	130,196.12	/	/	/	/
Total	**11,790,853.76**	**–**	**130,196.12**	**–**	**–**	**–**	**–**

Note: The Company engaged China United Assets Appraisal Group (Shaanxi) Co., Ltd.* (中聯資產評估集團(陝西)有限公司) to evaluate the recoverable amount of 11 patented technologies owned by its wholly-owned subsidiary Suzhou Haitian New Antenna Technologies Co., Ltd. and issue the evaluation report No. 1076 of China United (Shaanxi) Evaluation [2026]. The original value of the 11 patented technologies was RMB63,600,000, the net book value was RMB11,790,900. The recoverable amount of patented technology in the base station field is greater than the book value, and there is no indication of impairment; the recoverable amount of patented technology in the WIFI field is less than the book value, and the impairment amount is RMB130,200.

10. Deferred income tax assets and deferred income tax liabilities

(1) Deferred tax assets not offset

	Closing balance		Opening balance	
Items	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Asset impairment provision	0.00	0.00	131,735.33	6,586.77
Lease liabilities	0.00	0.00	145,408.26	7,270.41
Total	**0.00**	**0.00**	**277,143.59**	**13,857.18**

(2) Deferred tax liabilities not offset

	Closing balance		Opening balance	
Items	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Right-of-use assets	0.00	0.00	220,026.82	11,001.34
Total	**0.00**	**0.00**	**220,026.82**	**11,001.34**

* *For identification purposes only*

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. Deferred income tax assets and deferred income tax liabilities *(Continued)*

(3) Deferred income tax assets or liabilities presented on a net basis after offsetting

None.

(4) Breakdown of unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary differences	43,016,534.21	40,310,431.87
Deductible losses	157,685,388.88	172,147,758.37
Total	**200,701,923.09**	**212,458,190.24**

(5) Deductible losses of unrecognised deferred income tax assets expiring in the following years

Year	Closing amount	Opening amount
2025	—	19,493,714.40
2026	21,550,723.96	21,709,851.02
2027	21,080,389.88	21,080,389.88
2028	20,374,274.49	20,374,274.49
2029	19,903,302.25	20,232,104.46
2030	18,428,367.29	13,436,339.49
2031	11,562,971.09	11,562,971.09
2032	20,162,062.83	20,162,062.83
2033	19,596,142.25	19,596,142.25
2034	3,907,752.84	4,499,908.46
2035	1,119,402.00	0.00
Total	**157,685,388.88**	**172,147,758.37**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Other non-current assets

Items	Book balance	Closing balance Provision for impairment	Book value
Advanced payments for purchase of land and above-ground attachments	18,546,000.00	15,958,174.89	2,587,825.11
Payments for land purchase-related costs on behalf of others	268,410.00	199,374.95	69,035.05
Total	**18,814,410.00**	**16,157,549.84**	**2,656,860.16**

(Table continued)

Items	Book balance	Opening balance Provision for impairment	Book value
Advanced payments for purchase of land and above-ground buildings	18,546,000.00	15,299,797.77	3,246,202.23
Payments for land purchase-related costs on behalf of others	0.00	0.00	0.00
Total	**18,546,000.00**	**15,299,797.77**	**3,246,202.23**

Note: Details of provision for impairment of advanced payments for purchase of land and above-ground attachments for the year are in "Note XVI. 1".

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. Assets with restricted ownership or use rights

Items	Book balance	Book value	Closing Restriction type	Restriction situation
Monetary funds	66,740.95	66,740.95	Performance security fund, freeze, dormant account	Restricted use rights
Total	**66,740.95**	**66,740.95**	—	—

(Table continued)

Items	Book balance	Book value	Opening Restriction type	Restriction situation
Monetary funds	273,707.11	273,707.11	Performance security fund, Freeze	Restricted use rights
Total	**273,707.11**	**273,707.11**	—	—

13. Short-term borrowings

(1) Types of short-term borrowings

Types of borrowings	Closing balance	Opening balance
Secured borrowings	3,506,533.33	3,506,533.33
Total	**3,506,533.33**	**3,506,533.33**

(2) Overdue short-term borrowings

None.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Accounts payable

(1) Presentation of accounts payable

Items	Closing balance	Opening balance
Trade balance	14,831,243.13	9,468,303.22
Testing service payment	1,743,470.77	1,939,639.03
Total	**16,574,713.90**	**11,407,942.25**

(2) Significant accounts payable with aging of over 1 year or are overdue

Entity name	Closing balance	Reason for unsettlement or carrying forward
Kaiyuan Securities Co., Ltd.	1,226,415.09	Unsettled
Shenzhen Xinmeitel Electronics Co., Ltd.	930,000.00	Unsettled
Chuzhou Anfeixin Electronic Technology Co., Ltd.	784,886.86	Unsettled
Total	**2,941,301.95**	—

(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:

Aging	Closing balance	Opening balance
Within 1 year	11,331,858.66	7,247,147.64
1-2 years	1,644,756.68	988,928.73
2-3 years	778,941.58	2,215,255.19
Over 3 years	2,819,156.98	956,610.69
Total	**16,574,713.90**	**11,407,942.25**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Contract liabilities

(1) Contract liabilities

Item	Closing balance	Opening balance
Trade balance	53,691.77	102,191.16
Total	**53,691.77**	**102,191.16**

(2) Significant contract liabilities aged more than 1 year

None.

(3) Significant changes in the book value during the year

None.

16. Payroll payable

(1) Classification of payroll payable

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Short-term remunerations	11,740,289.74	3,688,415.42	2,105,202.70	13,323,502.46
Post-employment benefits – defined contribution plans	0.00	405,116.07	405,116.07	0.00
Dismissal benefits	459,075.73	0.00	54,812.15	404,263.58
Total	**12,199,365.47**	**4,093,531.49**	**2,565,130.92**	**13,727,766.04**

(2) Short-term remunerations

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Wages, bonuses, allowances and subsidies	8,112,562.65	3,377,538.26	1,887,858.81	9,602,242.10
Staff welfare expenses	0.00	0.00	0.00	0.00
Social insurance premiums	26,292.93	181,477.16	207,770.09	0.00
Of which: Medical insurance premiums	26,051.43	171,138.62	197,190.05	0.00
Work-related injury insurance premiums	241.50	10,338.54	10,580.04	0.00
Maternity insurance premiums	0.00	0.00	0.00	0.00
Housing provident fund	454,420.00	129,400.00	7,600.00	576,220.00
Labor union expenditures and staff education funds	3,147,014.16	0.00	1,973.80	3,145,040.36
Total	**11,740,289.74**	**3,688,415.42**	**2,105,202.70**	**13,323,502.46**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Payroll payable *(Continued)*

(3) Defined contribution plans

The Group participates in social insurance plans established by government agencies as required. According to the plans, the Group pays contributions to these schemes in accordance with the relevant regulations of the local government. In addition to the above payment of contributions, the Group no longer undertakes further payment obligations. The corresponding expenditures are charged to the current profits and losses or related asset cost when incurred.

The Group shall make the following payments to the endowment insurance and unemployment insurance plans as follows:

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Basic endowment insurance	0.00	388,060.27	388,060.27	0.00
Unemployment insurance premiums	0.00	17,055.80	17,055.80	0.00
Total	**0.00**	**405,116.07**	**405,116.07**	**0.00**

The Group shall pay RMB405,116.07 (2024: RMB416,691.14) to the defined contribution plans participated in the year. As at 31 December 2025, The relevant contribution payables of the Group have been paid during the reporting period.

For each of the two financial years ended 31 December 2024 and 2025, there was no forfeited contribution (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) under the defined contribution plans of the Group which may be used by the Group to reduce the existing level of contributions.

17. Taxes payable

Items	Closing balance	Opening balance
VAT	4,296,579.08	2,589,977.58
Stamp duty	88,116.07	86,014.12
Personal income tax	28,874.64	29,584.43
Corporate income tax	0.00	14,271.25
Urban maintenance and construction tax	126,126.50	282.44
Education surcharge	89,356.59	169.47
Local education surcharge	733.76	112.98
Other taxes	116,337.38	115,703.02
Total	**4,746,124.02**	**2,836,115.29**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Other payables

Items	Closing balance	Opening balance
Interest payable	0.00	0.00
Dividend payable	0.00	0.00
Other payables	57,907,564.69	55,922,400.65
Total	**57,907,564.69**	**55,922,400.65**

18.1 Other payables

(1) Classification of other payables by nature

Nature of fund	Closing balance	Opening balance
Current accounts of related parties	32,200,891.53	31,485,220.28
Current accounts	24,449,087.31	23,422,730.89
Security fund and deposit	500,000.00	518,500.00
Withholding payment	407,100.00	307,943.97
Others	350,485.85	188,005.51
Total	**57,907,564.69**	**55,922,400.65**

(2) Significant other payables with aging of over 1 year or overdue

Entity name	Closing balance	Reason for unsettlement or carrying forward
Guangzhou Liuchaosong Venture Capital Partnership (Limited Partnership)	12,000,000.00	Unpaid
Xiao Bing	11,308,243.67	Unpaid
Shanghai Gaoxiang Investment Management Co., Ltd.	9,655,000.00	Unpaid
Chen Ji	8,131,098.01	Unpaid
Yu Tingting	7,500,000.00	Unpaid
Shanghai Hongzhen Ditong Asset Management Co., Ltd.	2,000,000.00	Unpaid
Transportation allowance for directors and supervisors	653,440.00	Unpaid
Luzhou Lingpao Industrial Development Co., Ltd. (瀘州嶺跑實業發展有限公司)	500,000.00	Unpaid
Jingjiu Investment (Shanghai) Co., Ltd.	500,000.00	Unpaid
Total	**52,247,781.68**	—

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Lease liabilities due within one year	105,357.54	237,037.37
Total	**105,357.54**	**237,037.37**

20. Other current liabilities

Items	Closing balance	Opening balance
Output tax to be reversed	6,979.93	13,284.84
Total	**6,979.93**	**13,284.84**

21. Lease liabilities

Amount categories	Closing balance	Opening balance
Lease payable	486,123.61	483,072.83
Less: Unrecognized financing charges	87,801.77	100,627.20
Portion due within one year	105,357.54	237,037.37
Total	**292,964.30**	**145,408.26**
The carrying amounts of the above lease liabilities shall be repaid within the following periods:		
Within one year	105,357.54	237,037.37
Over one year but not more than two years after the balance sheet date	0.00	0.00
Over two years but not more than five years after the balance sheet date	212,959.97	78,298.95
Over five years after the balance sheet date	80,004.33	67,109.31
Less: Lease liabilities due within one year under current liabilities	105,357.54	237,037.37
Lease liabilities under non-current liabilities	292,964.30	145,408.26

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Long-term payables

Type	Closing balance	Opening balance
Long-term payables	10,767,372.55	10,377,094.15
Total	**10,767,372.55**	**10,377,094.15**

22.1 Classification of Long-term payables by nature

Type	Closing balance	Opening balance
Long-term borrowings	10,767,372.55	10,377,094.15
Total	**10,767,372.55**	**10,377,094.15**

Note 1: From March 2023 to August 2023, Mr. Xiao Liangyong (immediate family member of Xiao Bing) successively provided loans to the Company with a total amount of RMB9,756,960.00, with a loan period of 3 years, an annual interest rate of 4%, and a one-time repayment of principal and interest on the date of maturity.

Note 2: On 10 March 2026, the family members of Mr. Xiao Liangyong unanimously agreed to change the maturity date of the above loan to 10 July 2029.

22.2 Analysis of maturity date of long-term payables

Type of payables	Closing balance	Opening balance
Borrowing principal	9,756,960.00	9,756,960.00
Borrowing interest	1,010,412.55	620,134.15
Total	**10,767,372.55**	**10,377,094.15**
The carrying amount of the above payables shall be repaid within the following periods:		
Within a year	0.00	0.00
Over one year but not more than two years after the balance sheet date	0.00	10,377,094.15
Over two years but not more than five years after the balance sheet date	10,767,372.55	0.00
Over five years after the balance sheet date	0.00	0.00
Less: Long-term payables due within one year under current liabilities	0.00	0.00
Payables under non-current liabilities	10,767,372.55	10,377,094.15

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. Share capital

Items	Opening balance	Increase/decrease for the year (+/-) Issuance of new share	Bonus share	Transfer of provident fund to shares	Others	Sub-total	Closing balance
Xi'an Tian An Corporate Management and Consulting Co., Ltd.	32,836,363.70	0.00	0.00	0.00	0.00	0.00	32,836,363.70
Shanghai Gaoxiang Investment Management Co., Ltd.	25,484,480.40	0.00	0.00	0.00	0.00	0.00	25,484,480.40
Xi'an Xiao's Antenna Technologies Co., Ltd.	15,746,869.80	0.00	0.00	0.00	0.00	0.00	15,746,869.80
Xi'an International Medical Investment Co., Ltd.	10,000,000.00	0.00	0.00	0.00	0.00	0.00	10,000,000.00
Shenzhen Huitai Investment Development Co., Ltd.	7,506,470.60	0.00	0.00	0.00	0.00	0.00	7,506,470.60
Xi'an Haorun Investment Co., Ltd.	7,000,000.00	0.00	0.00	0.00	0.00	0.00	7,000,000.00
Chen Ren	5,700,000.00	0.00	0.00	0.00	0.00	0.00	5,700,000.00
Beijing Holdings Investment Management Co., Ltd.	5,407,794.10	0.00	0.00	0.00	0.00	0.00	5,407,794.10
Jin Rongfei	5,000,000.00	0.00	0.00	0.00	0.00	0.00	5,000,000.00
Zhang Jiandong	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
Shaanxi Yinji Investment Ltd.	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
Shanghai Ruikou Trade Co., Ltd.	1,850,000.00	0.00	0.00	0.00	0.00	0.00	1,850,000.00
Shanghai Hongzhen Ningshang Investment Management Partnership (Limited Partnership)	1,800,000.00	0.00	0.00	0.00	0.00	0.00	1,800,000.00
Jiao Chengyi	1,094,303.00	0.00	0.00	0.00	0.00	0.00	1,094,303.00
Liao Kang	910,147.80	0.00	0.00	0.00	0.00	0.00	910,147.80
Ma Xiuling	800,000.00	0.00	0.00	0.00	0.00	0.00	800,000.00
Song Xiangyu	50,000.00	0.00	0.00	0.00	0.00	0.00	50,000.00
Sub-total of domestic shares	**125,186,429.40**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**125,186,429.40**
Xiao Bing	1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00
Chen Ji	977,100.00	0.00	0.00	0.00	0.00	0.00	977,100.00
Public	62,599,370.60	0.00	0.00	0.00	0.00	0.00	62,599,370.60
Sub-total of H shares	**64,576,470.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**64,576,470.60**
Total	**189,762,900.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**189,762,900.00**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Capital reserves

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Share premium	155,712,767.48	0.00	0.00	155,712,767.48
Other capital reserves	46,856,278.79	0.00	0.00	46,856,278.79
Total	**202,569,046.27**	**0.00**	**0.00**	**202,569,046.27**

25. Surplus reserves

Items	Opening balance	Increase for the year	Decrease for the year	Closing balance
Statutory surplus reserves	16,435,819.34	0.00	0.00	16,435,819.34
Total	**16,435,819.34**	**0.00**	**0.00**	**16,435,819.34**

26. Undistributed profits

Items	The year	Last year
Undistributed profits at the end of the previous year before adjustments	-458,090,029.50	-442,207,777.30
Adjustment of the total amount of undistributed profits at the beginning of the year (increase +, decrease –)	0.00	0.00
Undistributed profits at the beginning of the year after adjustments	-458,090,029.50	-442,207,777.30
Add: Net profit attributable to owners of the parent company for the year	-8,712,377.85	-15,882,252.20
Recovery of losses by surplus reserve	0.00	0.00
Recovery of losses by capital reserve	0.00	0.00
Less: Appropriation of statutory surplus reserves	0.00	0.00
Withdraw discretionary surplus reserve	0.00	0.00
Withdraw general risk reserve	0.00	0.00
Dividends payable on ordinary shares	0.00	0.00
Dividends on ordinary shares converted into share capital	0.00	0.00
Closing balance of the year	**-466,802,407.35**	**-458,090,029.50**

Note: There is no undeclared dividend during the year.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Operating income, operating costs

(1) Operating income and operating costs

Items	Amount incurred in the year		Amount incurred in last year	
	Income	Costs	Income	Costs
Main business	27,104,367.57	18,477,584.11	21,187,543.91	13,829,359.73
Other business	473,896.85	430,346.31	772,598.33	702,339.82
Total	**27,578,264.42**	**18,907,930.42**	**21,960,142.24**	**14,531,699.55**

a) Breakdown of operating income and operating costs

Items	Amount incurred in the year		Amount incurred in last year	
	Income	Costs	Income	Costs
Type of business				
Of which: Sales of antenna products and provision of related services	22,351,581.59	13,723,377.63	14,308,783.44	7,678,793.51
Sales of agricultural products	4,752,785.98	4,754,206.48	6,877,256.04	6,150,566.22
Other business	473,896.85	430,346.31	774,102.76	702,339.82
By operating area				
Of which: Domestic	27,578,264.42	18,907,930.42	21,960,142.24	14,531,699.55
Overseas	0.00	0.00	0.00	0.00
By time of goods transfer				
Of which: Transfer at a certain point in time	27,578,264.42	18,907,930.42	21,960,142.24	14,531,699.55
Transfer within a certain period of time	0.00	0.00	0.00	0.00
By sales channel				
Of which: Direct Sales	27,578,264.42	18,907,930.42	21,960,142.24	14,531,699.55
Distribution	0.00	0.00	0.00	0.00
Total	**27,578,264.42**	**18,907,930.42**	**21,960,142.24**	**14,531,699.55**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Operating income, operating costs *(Continued)*

(2) Information related to performance obligations

Item	Time to fulfill performance obligations	Important payment terms	Nature of goods that the Company committed to transfer	Whether the Company is the main responsible person	Amounts that the Company is expected to return to customers	Types of quality assurance provided by the Company and its related obligations
Order contract	Inspection certificate is signed after unpacking inspection is passed	Payment is made upon receipt of the invoice after goods have been inspected and accepted by both parties	Goods	Yes	None	None
Total	–	–	–	–	–	–

28. Taxes and surcharges

Items	Amount incurred in the year	Amount incurred in last year
Urban maintenance and construction tax	136,911.87	12,925.53
Education surcharge	58,869.45	5,797.77
Local education surcharge	39,246.31	3,865.17
Stamp duty	17,392.16	8,483.12
Water conservancy fund	4,382.74	3,654.75
Vehicle and vessel use tax	0.00	67.20
Total	**256,802.53**	**34,793.54**

29. Selling expenses

Items	Amount incurred in the year	Amount incurred in last year
Payroll	1,093,520.62	1,031,536.03
Business entertainment expenses	522,297.63	706,806.34
Promotion and testing charges	409,390.54	458,075.22
Travelling expenses	274,403.76	434,342.89
Technical service fees	212,816.14	494,216.23
Intermediation fee	138,968.20	36,907.04
Office fees	104,237.46	66,604.75
Rental fees	16,054.29	35,263.57
Equipment depreciation expenses	0.00	222.47
Others	58.85	834.60
Total	**2,771,747.49**	**3,264,809.14**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Administrative expenses

The administrative expenses of the Group for the year include:

Items	Amount incurred in the year	Amount incurred in last year
Amortisation of intangible assets	4,640,732.46	5,391,875.08
Intermediation fee	1,898,195.06	1,801,175.30
Payroll	1,566,195.34	1,957,470.88
Auditor's remunerations	484,728.80	486,491.97
– Audit service fee	471,698.11	471,698.11
– Other service fee	13,030.69	14,793.86
Vehicle expenses	261,612.99	328,965.33
Office fees	182,165.51	407,362.86
Business entertainment expenses	180,609.88	346,098.96
Litigation costs	116,321.00	484,809.00
Travelling expenses	94,478.58	94,439.16
Utilities	79,934.71	113,485.60
Depreciation of right-of-use assets	57,269.37	148,974.81
Expenses of the Board	72,000.00	78,000.00
Depreciation expenses	35,685.94	325,408.25
Transportation charges	1,107.00	1,846.00
Communication fee	1,000.00	25,777.04
Disabled security fund	0.00	83,183.91
Property management fee	0.00	27,267.05
Others	93,387.10	55,606.90
Total	**9,765,423.74**	**12,158,238.10**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

31. R&D expenses

Items	Amount incurred in the year	Amount incurred in last year
Payroll	797,056.73	942,277.51
Material fee	208,952.73	593,491.08
Depreciation and amortisation	206,531.23	251,630.60
Travelling expenses	53,286.66	56,316.83
Office fees	40,248.86	85,054.24
Testing charges	26,213.59	25,415.09
Development service fee	9,433.96	0.0
Shipping fee	7,092.10	15,710.30
Total	**1,348,815.86**	**1,969,895.65**

32. Financial expenses

Items	Amount incurred in the year	Amount incurred in last year
Interest expenses	558,829.02	611,872.83
Less: Interest income	13,915.60	2,988.08
Add: Exchange loss	0.00	16,842.92
Less: Exchange gain	26,968.17	10,333.89
Other expenditure	14,738.59	19,076.08
Total	**532,683.84**	**634,469.86**

33. Other gain

Source of other gain	Amount incurred in the year	Amount incurred in last year
Income tax handling fee refunded	1,008.73	6,399.48
Job stabilization subsidy	8,146.00	4,824.00
Others	162.00	7,380.89
Total	**9,316.73**	**18,604.37**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

34. Investment gain

Items	Amount incurred in the year	Amount incurred in last year
Gain on restructuring of debts	32,958.54	0.00
Total	**32,958.54**	**0.00**

35. Credit impairment loss

Items	Amount incurred in the year	Amount incurred in last year
Bad debt loss of notes receivable	0.00	3,000.00
Bad debt loss of accounts receivable	-1,119,113.82	-360,716.41
Bad debt loss of other receivables	-85,095.22	-138,340.72
Bad debt loss of other current assets	-857,752.07	-1,279,021.77
Total	**-2,061,961.11**	**-1,775,078.90**

36. Assets impairment loss

Items	Amount incurred in the year	Amount incurred in last year
Inventory depreciation loss	-636,103.79	-264,702.29
Fixed assets impairment loss	-57,037.22	-508,772.87
Intangible assets impairment loss	-130,196.12	-2,895,063.57
Total	**-823,337.13**	**-3,668,538.73**

37. Gain from assets disposal

Items	Amount incurred in the year	Amount incurred in last year	Amount charged to non-recurrent profit or loss for the year
Gain from disposal of non-current assets	0.00	330,814.24	0.00
Of which: Gain from disposal of non-current assets not classified as held for sale	0.00	330,814.24	0.00
Of which: Gain from disposal of fixed assets	0.00	404,888.30	0.00
Gains from disposal of intangible assets	0.00	-74,074.06	0.00
Gain from disposal of right-of-use assets	0.00	0.00	0.00
Total	**0.00**	**330,814.24**	**0.00**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

38. 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
Other income	104,502.84	7,257.14	104,502.84
Total	**104,502.84**	**7,257.14**	**104,502.84**

39. 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	20,375.85	0.00
Compensation, liquidated damages and fine expenditure	118,282.68	6,173.93	118,282.68
Litigation compensation	0.00	360.00	0.00
Other expenditure	11,177.61	25.04	11,177.61
Total	**129,460.29**	**26,934.82**	**129,460.29**

40. 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	-3,380.08	22,450.73
– Mainland China corporate income tax	-3,380.08	22,450.73
– China Hong Kong profits tax	0.00	0.00
Deferred income tax expenses	2,855.84	-9,215.11
Total	**-524.24**	**13,235.62**

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

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Income tax expenses *(Continued)*

(2) Reconciliation of accounting profit and income tax expense

Items	Amount incurred in the year
Total consolidated profit in the year	-8,873,119.88
Income tax expenses calculated at statutory/applicable tax rates	-1,330,967.98
Impact of applying different tax rates to subsidiaries	-116,186.16
Impact of adjustment of income tax of previous period	-3,380.08
Impact of non-taxable income	0.00
Impact of non-deductible costs, expenses and losses	91,599.11
Impact of deductible losses from applying deferred income tax assets not recognised in previous period	167,303.81
Impact of deductible temporary differences or deductible losses of the deferred income tax assets not recognised for the year	1,311,463.42
Additional items that deductible under tax law (research and development expenses)	-120,356.36
Income tax expenses	**-524.24**

41. Items in cash flow statement

(1) Cash related to operating activities

1) Other cash received relating to operating activities

Items	Amount incurred in the year	Amount incurred in last year
Current accounts	653,378.35	445,768.77
Interest income	13,869.34	2,966.70
Other gains	9,316.73	18,605.05
Others	55,876.08	6,636.51
Total	**732,440.50**	**473,977.03**

2) Other cash paid relating to operating activities

Items	Amount incurred in the year	Amount incurred in last year
Administrative expenses	2,900,079.02	4,610,824.67
Cost of sales	1,084,189.90	1,963,318.58
Deposits, security fund and provisional deposit	136,502.00	418,163.26
Non-operating expenditures	118,282.68	6,533.93
Current accounts	80,000.00	376,428.54
R&D expenses	42,479.00	39,188.60
Financial expenses	14,738.59	29,013.60
Total	**4,376,271.19**	**7,443,471.18**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

41. Items in cash flow statement *(Continued)*

(2) Cash related to financing activities

1) Other cash received relating to financing activities

Items	Amount incurred in the year	Amount incurred in last year
Shareholders loan	930,000.00	5,536,000.00
Of which: Xiao Bing	180,000.00	4,536,000.00
Chen Ji	0.00	0.00
Shanghai Gaoxiang Investment Management Co., Ltd.	750,000.00	1,000,000.00
Total	**930,000.00**	**5,536,000.00**

2) Other cash paid relating to financing activities

Items	Amount incurred in the year	Amount incurred in last year
Shareholders repayment	413,600.00	970,000.00
Of which: Shanghai Gaoxiang Investment Management Co., Ltd.	0.00	0.00
Xiao Bing	413,600.00	970,000.00
Repayment of principal and interest on lease liabilities	225,312.00	459,740.98
Total	**638,912.00**	**1,429,740.98**

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

41. Items in cash flow statement *(Continued)*

(2) Cash related to financing activities *(Continued)*

3) Changes in liabilities arising from financing activities

Items	Opening balance	Increase for the year: Cash changes	Increase for the year: Non-cash changes	Decrease for the year: Cash changes	Decrease for the year: Non-cash changes	Closing balance
Other payables:						
Xiao Bing	11,626,091.78	180,000.00	0.00	413,600.00	0.00	11,392,491.78
Chen Ji	8,131,098.01	0.00	281.45	0.000.00	0.00	8,131,379.46
Shanghai Gaoxiang Investment Management Co., Ltd.	9,655,000.00	750,000.00	0.00	0.00	0.00	10,405,000.00
Long-term payables:						
Xiao Liangyong	10,377,094.15	0.00	390,278.40	0.00	0.00	10,767,372.55
Total	**39,789,283.94**	**930,000.00**	**390,559.85**	**413,600.00**	**0.00**	**40,696,243.79**

Notes: The Group's balance of payables to Xiao Bing from financing activities is RMB11,392,491.78, and unpaid reimbursements from production and operating activities are RMB257,633.19. The total balance of other payables to Xiao Bing is RMB11,650,124.97.

(3) Explanation on presenting cash flow in net amount

None.

(4) Major activities and financial impacts that do not involve current cash receipts and payments but affect the Company's financial positions or may affect the Company's cash flow in the future

None.

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

42. Supplemental information to the cash flow statement

(1) Supplemental information to the cash flow statement

Items	Amount incurred in the year	Amount incurred in last year
1. Adjustment from net profit to cash flow from operating activities:	–	–
Net profit	-8,872,595.64	-15,760,875.92
Add: Impairment loss for assets	823,337.13	3,668,538.73
Credit impairment loss	2,061,961.11	1,775,078.90
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	539,544.27	1,170,552.22
Depreciation of right-of-use assets	237,997.36	516,045.31
Amortisation of intangible assets	4,640,732.46	5,391,875.08
Amortisation of long-term unamortised expenses	0.00	0.00
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	0.00	-330,814.24
Losses from scrapping of fixed assets ("-" for gains)	0.00	20,375.85
Losses from changes in fair value ("-" for gains)	0.00	0.00
Financial expenses ("-" for gains)	558,829.02	611,872.83
Investment losses ("-" for gains)	-32,958.54	0.00
Decrease of deferred income tax assets ("-" for increase)	13,857.18	-13,857.18
Increase of deferred income tax liabilities ("-" for decrease)	-11,001.34	4,642.07
Decrease of inventory ("-" for increase)	1,393,469.34	1,383,989.94
Decrease of operating receivables ("-" for increase)	-12,648,111.82	-4,285,796.40
Increase of operating payables ("-" for decrease)	9,654,995.13	3,784,220.13
Others	0.00	0.00
Net cash flow from operating activities	-1,639,944.34	-2,064,152.68
2. Material Investment and financing activities not involving cash receipts and payments return:	–	–
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds to be mature within one year	0.00	0.00
Fixed assets under financial lease	0.00	0.00
3. Net change of cash and cash equivalents:	–	–
Closing balance of cash	1,276,508.93	2,861,130.55
Less: Opening balance of cash	2,861,130.55	1,748,760.63
Add: Closing balance of cash equivalents	0.00	0.00
Less: Opening balance of cash equivalents	0.00	0.00
Net increase amount of cash and cash equivalents	-1,584,621.62	1,112,369.92

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

42. Supplemental information to the cash flow statement *(Continued)*

(2) Supplier financing arrangements

None.

(3) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
Cash	1,276,508.93	2,861,130.55
Of which: Cash on hand	4,519.41	4,520.51
Bank deposit that can be used for payment at any time	1,271,706.25	2,856,327.04
Other monetary fund that can be used for payment at any time	283.27	283.00
Cash equivalents	0.00	0.00
Of which: Bond investments due within three months	0.00	0.00
Closing balance of cash and cash equivalents	1,276,508.93	2,861,130.55
Of which: Cash and cash equivalents that the parent company or the subsidiaries in the Group are restricted to use	0.00	0.00

(4) Monetary funds other than cash and cash equivalents

Items	Amount incurred in the year	Amount incurred in last year	Reasons for not included in cash and cash equivalents
Security fund	62,920.97	271,892.95	Limited use
Others	3,819.98	1,814.16	Limited use
Total	**66,740.95**	**273,707.11**	—

43. Foreign currency monetary items

Items	Closing balance in foreign currency	Conversion exchange rate	Closing balance converted to RMB
Monetary capitals	–	–	39,283.63
Of which: USD	5,056.50	7.0288	35,541.13
HKD	4,143.50	0.9032	3,742.50

V. EXPLANATION ON MATERIAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

44. Leases

(1) The Group as lessee

Items	Amount incurred in the year	Amount incurred in last year
Interest expense on lease liabilities	19,516.41	43,446.40
Short-term lease expenses with simplified treatment included in current profit and loss	16,054.29	35,263.57
Low-value asset leasing expenses (except short-term leases) with simplified treatment included in current profit and loss	0.00	0.00
Variable lease payments not included in the measurement of lease liabilities	0.00	0.00
Of which: Part generated from sale and leaseback transactions	0.00	0.00
Income from subletting right-of-use assets	261,798.16	548,441.28
Total cash outflow related to leases	241,366.29	495,004.55
Relevant gains and losses arising from sale and leaseback transactions	0.00	0.00
Cash inflow from sale and leaseback transactions	0.00	0.00
Cash outflow from sale and leaseback transactions	0.00	0.00

(2) The Group as lessor

Items	Rental income
Chicken Coop Rental	206,788.96
Total	206,788.96

VI. R&D EXPENSES

Items	Amount incurred in the year	Amount incurred in last year
Upgrade of lens antenna products	1,348,815.86	1,969,895.65
Total	**1,348,815.86**	**1,969,895.65**
Of which: Expensed R&D expenses	1,348,815.86	1,969,895.65
Capitalized R&D expenses	0.00	0.00

VII. CHANGES IN CONSOLIDATION SCOPE

None.

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the business group

Name of subsidiaries	Registered capital (Ten thousand)	Main business place	Domicile	Business nature	Paid up capital/ share capital (Ten thousand)	Shareholding proportion (%) Direct	Shareholding proportion (%) Indirect	Acquisition method
Xi'an Haitian Wireless System Equipment Co., Ltd. *	2,000.00	Xi'an	Xi'an	Manufacturing	2,000.00	100.00	0.00	Establishment
Xi'an Haitian Communication System Engineering Co., Ltd. *	3,000.00	Xi'an	Xi'an	Construction enterprise	820.00	100.00	0.00	Establishment
Haitian Antenna Technologies (Hongkong) Limited**	150.00	Hong Kong	Hong Kong	Trade	150.00 *(Note 2)*	100.00	0.00	Establishment
Haitian Antenna (Shanghai) International Trade Co., Ltd. *	2,000.00	Shanghai	Shanghai	Trade	2,000.00	100.00	0.00	Establishment
Xi'an Haitian Marine Technologies Co., Ltd. *	1,000.00	Xi'an	Xi'an	Manufacturing	1,000.00	100.00	0.00	Establishment
Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd. *	1,000.00	Xi'an	Xi'an	Manufacturing	1,000.00	100.00	0.00	Establishment
Suzhou Haitian New Antenna Technologies Co., Ltd. *	4,002.86	Changshu	Changshu	Manufacturing	4,002.86	100.00	0.00	Acquisition
Yixian Hailan Natural Agricultural Development Co., Ltd.*	591.84	Yi County	Yi County	Trade in poultry and agricultural products	591.84	0.00	51.00	Establishment
海天氫盈(高郵)新能源科技有限公司*	2,000.00	Gaoyou	Gaoyou	Research and experimental development	Not yet paid up	100.00	0.00	Establishment
海天(揚州)新能源科技有限公司*	3,000.00	Yangzhou	Yangzhou	Technology promotion and application services	Not yet paid up	0.00	100.00	Establishment

Note 1: *A subsidiary established in the PRC; **a subsidiary established in Hong Kong, China; all the composition details of the enterprise group are limited companies.

Note 2: The share capital of Haitian Antenna Technologies (Hongkong) Limited is HK$1.5 million.

(2) Major non-wholly-owned subsidiaries

Name of subsidiary	Minority shareholding ratio	Profits and losses attributable to minority shareholders for the year	Dividends declared for distribution to minority shareholders for the year	Closing balance of minority shareholders' equity
Yixian Hailan Natural Agricultural Development Co., Ltd.	49.00%	-160,217.79	0.00	2,402,862.95

VIII. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(3) Major financial information of significant non-wholly owned subsidiaries

Items	Yixian Hailan Natural Agricultural Development Co., Ltd. Closing balance (amount incurred in the year)	Yixian Hailan Natural Agricultural Development Co., Ltd. Opening balance (amount incurred in last year)
Current assets	5,061,467.79	5,340,391.83
Non-current assets	1,882,169.87	2,132,816.39
Total assets	6,943,637.66	7,473,208.22
Current liabilities	1,881,499.79	2,085,988.95
Non-current liabilities	158,303.28	156,409.60
Total liabilities	2,039,803.07	2,242,398.55
Operating income	4,959,574.94	7,054,503.72
Net profit	-326,975.08	247,706.70
Total comprehensive income	-326,975.08	247,706.70
Cash flows from operating activities	-493,696.55	1,694,515.51

(4) Others

As of 31 December 2025, the subsidiaries of the Company have not issued any share capital or debt securities.

IX. GOVERNMENT SUBSIDY

1. Government subsidies recognized according to the amount receivable at the end of the year

None.

2. Liability items involving government subsidies

None.

3. Government subsidies included in current profit and loss

Accounting items	Amount incurred in the year	Amount incurred in last year
Other gain	8,308.00	0.00

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group faces various financial instrument risks in its day-to-day activities, mainly including market risks (such as exchange rate risks, interest rate risks and commodity price risks), credit risks and liquidity risks. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are described below. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

1. Various risk management goals and policies

The goal of the Group's risk management is to achieve an appropriate balance between risk and return, to minimise the negative impact of risks on the Group's operating performance, and to maximise the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Group's risk management is to determine and analyse the various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise various risks to control risks within the limited range.

(1) Market risks

1) Exchange rate risk

The Group's exposure to exchange rate risk is mainly related to the US dollar and Hong Kong dollar. Except for Hong Kong subsidiaries of the Group that trade in Hong Kong dollar, the other major business activities of the Group are denominated in RMB. As at 31 December 2025, except for the USD balance of assets and liabilities and the sporadic USD and HKD balances described in the table below, the balance of the Group's assets and liabilities are all dominated in RMB. The exchange rate risk arising from the assets and liabilities of such foreign currency balance may have an impact on the operating performance of the Group.

Items	31 December 2025 (RMB)	31 December 2024 (RMB)
Monetary capitals – USD	**35,541.13**	36,340.09
Monetary capitals – HKD	**3,742.50**	5,259.32

The Group pays close attention to the impact of exchange rate changes on the Group.

2) Interest rate risk

The Group's interest rate risk arises from interest-bearing debts such as bank loans. Financial liabilities with floating interest rate expose the Group to cash flow interest rate risk, and financial liabilities with fixed interest rate expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on the market environment at the time. As at 31 December 2025, the Group's interest-bearing debts were mainly RMB-denominated fixed-rate contracts, with an amount of RMB13,256,960.00 (31 December 2024: RMB13,256,960.00).

The risk of changes in the fair value of financial instruments caused by changes in interest rates of the Group is mainly related to fixed-rate bank borrowings. For fixed-rate borrowings, the Group's goal is to maintain its floating interest rate.

The risk of changes in the cash flow of financial instruments caused by changes in interest rates of the Group is mainly related to floating-rate bank borrowings. The Group's policy is to maintain floating interest rates on these loans to eliminate the fair value risk of interest rate changes.

3) Price risk

The Group sells goods at market prices and is therefore affected by these price fluctuations.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Various risk management goals and policies *(Continued)*

(2) Credit risk

The Group manages credit risks by portfolio classification. Credit risk mainly arises from monetary funds, notes receivable, accounts receivable, other receivables, etc.

In order to reduce credit risk, the Group established a special department to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover expired claims. In addition, the Group reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for the unrecoverable amounts. Therefore, the management of the Group believes that the credit risk assumed by the Group has been greatly reduced.

The Group's working capital is deposited in banks with high credit ratings, so the credit risk of working capital is low.

The Group has adopted necessary policies to ensure that all sales customers have a good credit history. Apart from the top five entities with the largest amount in account receivables, the Group has no other significant credit concentration risk. Among the Group's accounts receivable, the top five accounts totaled RMB23,988,972.98, accounting for 86.53% of the Group's total accounts receivable.

1) *Judgment criteria for significant increase in credit risk*

On each balance sheet date, by comparing the probability of default of the financial instrument during its expected duration determined at the time of initial recognition and the default probability of the instrument during its estimated duration determined at the balance sheet date, the Group determines whether the credit risk of the instrument has increased significantly since initial recognition. However, if the Group determines that a financial instrument only has low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

2) *Definition of credit-impaired assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. In certain circumstances, the Group will also treat it as credit-impaired if internal or external information indicates that the contract amount may not be recovered in full before taking into account any credit enhancement held. Credit impairment of financial assets may be caused by the combined effect of multiple events and may not be caused by an individually identifiable event.

Evidence of financial asset that is credit impaired includes the following observable information: the issuer or debtor has major financial difficulties; breach of contract by the debtor, such as breach or delay in payment of interest or principal; the Group gives the debtor concessions that would not be made under any other circumstances for economic or contractual reasons in connection with the debtor's financial difficulties; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset.

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

1. Various risk management goals and policies *(Continued)*

(2) Credit risk *(Continued)*

3) Credit risk exposure

As at 31 December 2025, the maximum credit risk exposure that is likely to cause financial losses to the Group was due primarily to the losses on the Group's financial assets arising from the failure of the other party to the contract to fulfill its obligations, including:

The carrying amount of the recognized financial assets in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects its risk exposure that is not the maximum, and its maximum risk exposure will change with future changes in fair value.

(3) Liquidity risk

Liquidity risk is the risk that the Group cannot fulfill its financial obligations on the due date. The Group's method of managing liquidity risk is to ensure that there is sufficient liquidity to fulfill due obligations without causing unacceptable losses or damages to the business reputation. The Group regularly analyzes the structure and maturity of its liabilities to ensure sufficient funds. The management of the Group monitors the use of bank borrowings and ensures compliance with borrowing agreements. At the same time, they conduct financing negotiations with financial institutions to maintain a certain credit limit and reduce liquidity risks.

The Group uses shareholder loans and bank loans as the main source of funds. As at 31 December 2025, the Group's unused bank borrowing limit was RMB0.00 (31 December 2024: RMB0.00), of which the Group's unused short-term bank borrowing limit was RMB0.00 (31 December 2024: RMB0.00).

The financial assets and financial liabilities held by the Group are analysed according to the maturity period of the undiscounted remaining contractual obligations as follows:

Amount on 31 December 2025:

Unit: RMB

Items	Within one year	One to two years	Two to five years	Over five years	Total
Financial assets					
Monetary capitals	1,343,249.88	0.00	0.00	0.00	**1,343,249.88**
Accounts receivable	21,976,442.88	2,051,571.25	2,198,112.44	1,495,575.80	**27,721,702.37**
Other receivables	570,995.75	32,455.02	306,716.05	96,043.86	**1,006,210.68**
Financial liabilities					
Short-term borrowings	3,506,533.33	0.00	0.00	0.00	**3,506,533.33**
Including:					
Short-term borrowings – supplier finance arrangements	0.00	0.00	0.00	0.00	**0.00**
Accounts payable	11,331,858.66	1,644,756.68	3,575,754.06	22,344.50	**16,574,713.90**
Including:					
Accounts payable – supplier finance arrangements	0.00	0.00	0.00	0.00	**0.00**
Other payables	3,239,315.48	7,050,784.65	42,054,587.61	5,562,876.95	**57,907,564.69**
Non-current liabilities due within one year	105,357.54	0.00	0.00	0.00	**105,357.54**
Lease liabilities	0.00	0.00	212,959.97	80,004.33	**292,964.30**
Long-term payable	0.00	0.00	10,767,372.55	0.00	**10,767,372.55**

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS *(Continued)*

2. Sensitivity analysis

The Group uses sensitivity analysis techniques to analyse the possible and possible impact of risk variables on current profit and loss or shareholders' equity. Since any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the final impact of a certain risk variable change, the following contents are based on the assumption that each variable change is independent.

(1) Sensitivity analysis of foreign exchange risk

The sensitivity analysis of foreign exchange risk assumes that all net investment hedges and cash flow hedges for overseas operation are highly effective.

On the basis of the above assumptions, and under the condition that other variables remain unchanged, the possible after-tax impact of reasonable changes in exchange rate on the current profit and loss and equity are as follows:

		2025		2024	
Items	Change in exchange rate	Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
All foreign currencies	Rise by 5% against RMB	1,964.17	1,964.17	2,079.97	2,079.97
All foreign currencies	Fall by 5% against RMB	-1,964.17	-1,964.17	-2,079.97	-2,079.97

(2) Sensitivity analysis of interest rate risk

The sensitivity analysis of interest rate risk is based on the following assumptions:

Changes in market interest rates affect the interest incomes or expenses of variable-rate financial instruments;

For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest incomes or expenses;

The changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, and with other variables remaining unchanged, the after-tax effects of the possible reasonable changes in interest rates on current profit or loss and equity are as follows:

Since all bank balances of the Group are of short-term nature, no change in interest rates will be considered to have a significant impact on the Group, so no sensitive analysis is required.

XI. DISCLOSURE OF FAIR VALUE

None.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Related party relationships

(1) Interests of Directors or chief executive of the Company in the Company

1) Equities of Domestic shares in the Company

Name	Identity	Number of domestic shares	Proportion to domestic shares	Proportion to total shares	Remarks
Xiao Bing	Actual owner, interests of family members and interests of controlled companies	485,832,335	38.81%	25.60%	Note 1
Chen Ji	Interests of controlled companies	272,844,804	21.80%	14.38%	Note 2

2) Equities of H shares in the Company

Name	Identity	Number of H shares	Proportion to H shares issued	Proportion to total shares issued	Remarks
Xiao Bing	Actual owner	10,000,000	1.55%	0.53%	
Chen Ji	Actual owner and interests of controlled companies	11,718,000	1.81%	0.62%	Note 3

Note 1: Xi'an Tian An Corporate Management and Consulting Co., Ltd. (Tian An Corporate) holds 328,363,637 domestic shares. The company is beneficially owned as to 60% and 40% by Mr. Xiao Bing and his spouse Ms. Chen Jing respectively. 157,468,698 domestic shares are held by Xi'an Xiao's Antenna Technologies Co., Ltd. (Xiao Antenna), which is beneficially owned as to 31% by his father Professor Xiao Liangyong and 30% by his spouse Ms. Chen Jing. On 10 August 2023, Professor Xiao Liangyong transferred 31% of Xiao Antenna shares to Ms. Chen Jing. By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 and 157,468,698 domestic shares. In the second quarter of 2023, Mr. Xiao Bing transferred his 57,000,000 and 8,000,000 domestic shares to Mr. Chen Ren and Ms. Ma Xiuling. In December 2025, following a capital injection of 9,000,000 shares into Xi'an Xiao's Antenna Technologies Co., Ltd. by Beiyan Group Limited* (北研集團有限公司)("**Beiyan Group**"), Beiyan Group became a substantial shareholder, and the shareholding ratio of Ms. Chen Jing in the said company was diluted from 61% to 6.1%. Subsequently, at the end of April 2026, Beiyan Group entered into a capital reduction agreement with the shareholders of the company to withdraw the 9,000,000 shares previously injected, thereby restoring the shareholding structure of the company to its former state.

Note 2: Shanghai Gaoxiang Investment Management Co., Ltd. (Gaoxiang Investment) holds 254,844,804 domestic shares. The domestic shares held by Shanghai Hongzhen Ningshang Investment Management Partnership (limited partnership) (Shanghai Hongzhen Ningshang) decreased from 18,500,000 shares to 18,000,000 shares. In the second quarter of 2023, Shanghai Hongzhen Ningshang transferred its 500,000 domestic shares to Mr. Song Xiangyu. Shanghai Hongzhen Ningshang is beneficially owned by Mr. Chen Ji and Shanghai Hongzhen Investment Management Co., Ltd. (Shanghai Hongzhen Investment) as to 83.33% and 16.67%, respectively. Shanghai Hongzhen Investment is beneficially owned by Gaoxiang Investment as to 60%. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 254,844,804 and 18,000,000 domestic shares.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

1. Related party relationships *(Continued)*

(1) Interests of Directors or chief executive of the Company in the Company *(Continued)*

2) Equities of H shares in the Company (Continued)

Note 3: Mr. Chen Ji directly holds 11,418,000 H shares and his spouse Ms. Sun Xiangjun directly holds 300,000 H Shares. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 300,000 H shares.

(2) Subsidiaries of the Company

See relevant contents of "VIII. 1.(1) Composition of the business group" in this note for details of the subsidiaries.

(3) Joint ventures and associates of the Company

None.

(4) Other related party

Name of other related party	Relationship with the Company
Xi'an Xiao's Antenna Technologies Co., Ltd.	Shareholder of the Company
Shanghai Gaoxiang Investment Management Co., Ltd.	Shareholder of the Company
Xi'an Haitian Hi-tech Power Co., Ltd.	An enterprise controlled by director (Zuo Hong is a non-executive director of the Company and an executive director and shareholder of Xi'an Haitian Hi-tech, and Xi'an Haitian Hitech is owned by Zuo Hong as to 5%)
Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司)	An enterprise controlled by shareholder (The Company's shareholder and actual controller Chen Ji is the actual controller of Cloud Live Technology Group Co., Ltd. and owns 9.9314% of its equity)
Shanghai Hongzhen Ditong Asset Management Co., Ltd.	An enterprise controlled by shareholders (Shanghai Hongzhen Investment Management Co., Ltd. is a shareholder of the Company and the controlling shareholder of Shanghai Gaoxiang Investment Management Co., Ltd., and Shanghai Hongzhen Investment Management Co., Ltd. owns 16.5 % interests in Shanghai Hongzhen Ditong Asset Management Co., Ltd.)
Shanghai Yunfan Information Technology Co., Ltd.* (上海雲樊信息技術有限公司)	An enterprise controlled by shareholders (the controlling shareholder of Shanghai Yunfan Information Technology Co., Ltd. is Cloud Live Technology Group Co., Ltd., and Chen Ji, a shareholder and the actual controller of the Company, is the actual controller of Cloud Live Technology Group Co., Ltd. and owns 9.9314% of its equity)

* *For identification purposes only*

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

1. Related party relationships *(Continued)*

(4) Other related party *(Continued)*

Name of other related party	Relationship with the Company
Shaanxi Kaicheng Investment Industry Co., Ltd.* (陝西開成投資實業有限責任公司)	An Enterprise controlled by director (Li Wenqi is a non-executive director of the Company and the chairman and general manager and the legal representative of Shaanxi Kaicheng Investment Industry Co., Ltd., and owns 15.5% of the equity interest in Xi'an Chengxin Ruitai Enterprise Management Consulting Co., Ltd.* (西安成欣瑞泰企業管理諮詢有限公司), a shareholder of Shaanxi Kaicheng Investment Industry Co., Ltd.)
Xiao Bing	Shareholder, Executive Director and chairman of the Company
Chen Ji	Shareholder, Executive Director and vice chairman of the Company
Xiao Liangyong	Immediate family member of Xiao Bing
Xiao Le	Immediate family member of Xiao Bing
Li Jun	Spouse of immediate family member of Xiao Bing
Sun Yikuan	Director of the Company
Li Wenqi	Director of the Company
Tu Jijun	Director of the Company
Shi Ping	Director of the Company
Zuo Hong	Director of the Company
Chen Ren	Director of the Company
Liu Lidong	Director of the Company
Li Tianzuo	Supervisor of the Company
Wang Xiaokun	Supervisor of the Company
Zeng Kun	Supervisor of the Company
Wang Yun	Senior management of the Company
Xu Hao	Senior management of the Company
Wang Jianqing	Senior management of the Company
Lei Xiao	Senior management of the Company

2. Related party transaction

(1) Related-party transactions involving the purchase and sale of goods, provision and receipt of services

1) Purchase of goods/receipt of services

Related parties	Related-party transaction details	Amount incurred in the year	Amount incurred in last year
Shaanxi Kaicheng Investment Industry Co., Ltd.	Procurement of raw materials	3,555,207.00	1,367,975.93
Total	—	**3,555,207.00**	**1,367,975.93**

* *For identification purposes only*

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

2. Related party transaction *(Continued)*

(2) Related-party leasing

1) Rental status

Lessee Name	Types of leased assets	Rental income recognised in the year	Rental income recognised in last year
Shanghai Yunfan Information Technology Co., Ltd.	House sublet	261,798.16	523,596.33
Total	—	**261,798.16**	**523,596.33**

(3) Related guarantees

1) As guarantee

Name of guarantor	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether guarantee has been fulfilled
Li Jun Xiao Lei	3,500,000.00	2 December 2022	2 December 2026	No

Note: Xiao Lei and Li Jun provided mortgage guarantee for the short-term borrowings of Xi'an Haitian Antenna Technologies Co., Ltd. with their ordinary residence located in Room 12205, Building 1, Tianmu Kuojing, High-tech International Business Center, Gaoxin District, Xi'an as collateral.

(4) Capital lending between related parties

Name of related party	Lending amount	Repayment amount	Commencement date	Maturity date	Remarks
Xiao Liangyong	1,820,000.00	0.00	1 August 2023	10 July 2029	
	2,100,000.00	0.00	1 August 2023	10 July 2029	
	150,000.00	0.00	27 March 2023	10 July 2029	
	1,536,960.00	0.00	19 April 2023	10 July 2029	
	2,050,000.00	0.00	26 April 2023	10 July 2029	
	2,100,000.00	0.00	24 May 2023	10 July 2029	
Total	**9,756,960.00**	—	—	—	

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

2. Related party transaction *(Continued)*

(5) Transfer of assets of related parties

Name of related parties	Related-party transaction details	Amount incurred in the year	Amount incurred in last year
Cloud Live Technology Group Co., Ltd.	Vehicle Disposal	0.00	120,000.00
Shanghai Yunfan Information Technology Co., Ltd.	Vehicle Disposal	0.00	380,800.00
Total	**–**	**0.00**	**500,800.00**

(6) Remunerations of key management personnel

The remuneration of key management personnel (including amounts paid and payable to executive directors and other senior management) are as follows:

Item name	Amount incurred in the year	Amount incurred in last year
Total remuneration	1,000,466.65	1,099,578.51

(7) Continued related party transaction

None.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3. Transaction balance of related party

(1) Accounts receivable

Item name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Shanghai Yunfan Information Technology Co., Ltd.	55,759.00	1,672.77	313,340.00	9,400.20
Other receivables	Senior management of the Company				
	Li Tianzuo	221.20	0.00	0.00	0.00
	Wang Jianqing	6,092.55	0.00	0.00	0.00
Total		**62,072.75**	**1,672.77**	**313,340.00**	**9,400.20**

(2) Accounts payable

Item name	Related party	Closing book balance	Opening book balance
Accounts Payable			
	Shaanxi Kaicheng Investment Industry Co., Ltd.	2,021,781.14	1,531,577.03
Other payables			
	Xiao Bing (Senior management and director of the Company)	11,650,124.97	11,699,184.77
	Shanghai Gaoxiang Investment Management Company Limited	10,405,000.00	9,655,000.00
	Chen Ji (Senior management and director of the Company)	8,131,379.46	8,131,098.01
	Shanghai Hongzhen Ditong Asset Management Co., Ltd.	2,000,000.00	2,000,000.00
	Lei Xiao (Senior management of the Company)	564.00	0.00
	Xu Hao (Senior management of the Company)	13,823.10	0.00
Long-term payables			
	Xiao Liangyong	10,767,372.55	10,377,094.15
Total		**44,990,045.22**	**43,393,953.96**

4. Commitment of related parties

Xiao Bing, Chen Ji, and Shanghai Gaoxiang Investment Management Co., Ltd., being shareholders of the Company, promised：In the event of financial difficulties for the Company, they will not demand repayment of RMB30,186,504.43 before 31 December 2026 and will provide necessary financial support.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Remunerations of directors, supervisors and employees

(1) Remunerations of directors and supervisors are as follows

Items	Salary and allowance	Social insurance, housing fund and pension	Bonus	Share payment	Total
Amount incurred in the year					
Executive directors					
Xiao Bing	96,000.00	34,529.24	0.00	0.00	130,529.24
Chen Ji	60,000.00	0.00	0.00	0.00	60,000.00
Supervisors					
Li Tianzuo	96,000.00	30,382.97	0.00	0.00	126,382.97
Wang Xiaokun	6,000.00	0.00	0.00	0.00	6,000.00
Zeng Kun	3,000.00	0.00	0.00	0.00	3,000.00
Non-executive directors					
Zuo Hong	96,000.00	0.00	0.00	0.00	96,000.00
Sun Yikuan	12,000.00	0.00	0.00	0.00	12,000.00
Shi Ping	6,000.00	0.00	0.00	0.00	6,000.00
Tu Jijun	6,000.00	0.00	0.00	0.00	6,000.00
Zhang Yi	6,000.00	0.00	0.00	0.00	6,000.00
Wang Qian	6,000.00	0.00	0.00	0.00	6,000.00
Liu Lidong	12,000.00	0.00	0.00	0.00	12,000.00
Chen Ren	12,000.00	0.00	0.00	0.00	12,000.00
Li Wenqi	6,000.00	0.00	0.00	0.00	6,000.00
Total	**423,000.00**	**64,912.21**	**0.00**	**0.00**	**487,912.21**
Amount incurred in last year					
Executive directors					
Xiao Bing	120,050.00	28,588.80	0.00	0.00	148,638.80
Chen Ji	86,250.00	0.00	0.00	0.00	86,250.00
Supervisors					
Li Tianzuo	103,263.89	28,588.80	0.00	0.00	131,852.69
Wang Xiaokun	12,000.00	0.00	0.00	0.00	12,000.00
Zeng Kun	0.00	0.00	0.00	0.00	0.00
Non-executive directors					
Zuo Hong	113,570.00	0.00	0.00	0.00	113,570.00
Sun Yikuan	12,000.00	0.00	0.00	0.00	12,000.00
Shi Ping	12,000.00	0.00	0.00	0.00	12,000.00
Tu Jijun	12,000.00	0.00	0.00	0.00	12,000.00
Liu Lidong	12,000.00	0.00	0.00	0.00	12,000.00
Chen Ren	12,000.00	0.00	0.00	0.00	12,000.00
Li Wenqi	6,000.00	0.00	0.00	0.00	6,000.00
Total	**501,133.89**	**57,177.60**	**0.00**	**0.00**	**558,311.49**

Note 1: As approved at the general meeting held on 27 June 2025, the Company abolished the supervisory committee.

Note 2: On 28 June 2025, Shi Ping and Tu Jijun retired as non-executive Directors, and Zhang Yi and Wang Qian were newly appointed as non-executive Directors of the Company.

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Remunerations of directors, supervisors and employees *(Continued)*

(2) Five highest paid individuals

One of the top five highest-paid individuals of the year is a director (two in the last year), one is a supervisor, the remaining three are senior management personnel (three in the last year), and the remunerations of directors are set out in Note "XII 5. (1) Remunerations of directors and supervisors". The remunerations of the remaining three senior management personnel are as follows:

Items	Amount incurred in the year	Amount incurred in last year
Salaries and allowances	291,600.00	327,386.22
Costs of social insurance, housing fund and related pension	95,494.81	85,766.40
Total	**387,094.81**	**413,152.62**

Scope of remuneration:

Items	Number of individual in the year	Number of individual in last year
Less than RMB1,000,000	5	5
RMB1,000,001 to RMB1,500,000	0	0
RMB1,500,001 to RMB2,000,000	0	0
RMB2,000,001 to RMB2,500,000	0	0

(3) During the track record period, none of the directors of the Company waived or agreed to waive any remuneration. In the track record period, the Company did not pay any remuneration to any director, supervisor or the five highest paid individuals as an incentive to attract them to join the Company or as compensation for dismission.

(4) Remuneration of key management personnel

Remuneration of key management personnel (including amounts paid and payable to directors, supervisors and senior management) are as follows:

Items	Amount incurred in the year	Amount incurred in last year
Salary and allowance	810,600.00	928,045.71
Costs of social insurance, housing fund and related pension	189,866.65	171,532.80
Total	**1,000,466.65**	**1,099,578.51**

XII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Loans receivable from directors or directors' related enterprises

None.

XIII. SHARE PAYMENT

None.

XIV. COMMITMENTS AND CONTINGENCY

None.

XV. EVENTS AFTER THE BALANCE SHEET DATE

None.

XVI. OTHER IMPORTANT MATTERS

1. 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 "Xiangyu Company"), 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. As of the end of 2025, the above-mentioned land and compensatory building products have not been transferred to the Company, and the Company has not paid the remaining transfer fee of RMB21.4540 million.

In September 2017, the Company initiated legal proceedings against the Vendor with the People's Court of Chang'an District of Xi'an City* (西安市長安區人民法院), requesting the Vendor to assist in the registration procedures for the transfer of land use rights and ownership of above-ground buildings. In November 2019, the People's Court of Chang'an District rejected the application.

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) intended to enforce evaluation and 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 2022. On 22 April 2022, the Xi'an Intermediate People's Court rejected the Company's application for enforcement objection. On 22 November 2024, Haitian Antenna filed a review with the Higher People's Court of Shaanxi Province. The Higher People's Court of Shaanxi Province rejected Haitian Antenna's review application and upheld the execution order of the Xi'an Intermediate People's Court. On 20 July 2022, Haitian Antenna submitted an application for an enforcement objection to the Executive Bureau of the People's Court of Yanta District, Xi'an City, and the Company's objection was rejected on 1 June 2023. On 14 June 2023, Haitian Antenna filed an enforcement objection lawsuit with the Yanta District Court of Xi'an City. On 5 March 2024, the Company received a civil judgment issued by the Yanta District Court of Xi'an City (Case No.: Civil Judgment of the People's Court of Yanta District, Xi'an City (2023) Shaan 0113 Minchu No. 21856). The judgment held that Haitian Antenna did not provide evidence to prove that the obstacles to the transfer had been removed, nor did it provide evidence to prove that the property rights were possible to be realized, and that the rights were not sufficient to exclude enforcement by the People's Court. Therefore, all of Haitian Antenna's claims were dismissed. The Company is dissatisfied with the judgment and re-filed an appeal, with a view to correcting the first-instance judgment through the second-instance procedure.

XVI. OTHER IMPORTANT MATTERS *(Continued)*

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

On 31 October 2024, the Company filed a lawsuit with the People's Court of Chang'an District of Xi'an City, requesting the termination of the Contract for the Transfer of State-owned Land Use Right and Projects under Construction signed between Haitian Antenna and Xiangyu Company, and requiring Xiangyu Company to return the contract price already paid by Haitian Antenna and the corresponding interest, liquidated damages, compensation for decoration losses, etc., totaling RMB38,586,262.11.

In December 2025, the People's Court of Chang'an District of Xi'an City issued a first-instance judgment regarding the rescission of the "Contract for the Transfer of State-owned Land Use Right and Projects under Construction" entered into between Haitian Antenna and Xiangyu Company, and ordered Xiangyu Company to pay Haitian Antenna the land transfer fees, renovation costs, and liquidated damages amounting to RMB27,144,100. In addition, Haitian Antenna was required to pay Xiangyu Aviation a property occupancy fee based on an annual rent of RMB1,607,000 starting from 22 August 2015. The Company, being dissatisfied with the judgment regarding the determination of the property occupancy fee, has filed an appeal with the Intermediate People's Court of Xi'an City.

As of the date of this report, the case is still under litigation and has not been concluded.

2. Segment information

(1) Determination basis and accounting policies of the reporting segments

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

Operating segment refers to a component within the Group that simultaneously meets the following conditions: 1) The component can generate revenue and incur expenses in daily activities; 2) The management of the Group can regularly evaluate the operating results of the component to decide to allocate resources to it and evaluate its performance; 3) The Group can obtain relevant accounting information such as the financial status, operating results and cash flow of this component.

The directors of the Company choose to manage the Group by different products and services. Specifically, the Group's reportable segments are as follows: sales of antenna products and provision of related services; sales of underwater monitoring products and related products; sales of aircraft products; sales of agricultural products.

The accounting policies of the operating segments of the Group are the same as the main accounting policies of the Group.

XVI. OTHER IMPORTANT MATTERS *(Continued)*

2. Segment information *(Continued)*

(2) Financial information of the reporting segments in the year

Segment assets:

Segment	Closing balance	Opening balance
Sales of antenna products and provision of related services	47,528,316.92	43,902,274.33
Sales of underwater monitoring products and related products	8,781.43	1,527.47
Sales of aircraft products	86,798.66	536,321.70
Sales of agricultural products	4,143,637.66	5,503,208.22
Total segment assets	**51,767,534.67**	**49,943,331.72**
Unallocated assets	289,754.61	55,859.24
Total consolidated assets	**52,057,289.28**	**49,999,190.96**

Segment liabilities:

Segment	Closing balance	Opening balance
Sales of antenna products and provision of related services	90,762,416.63	81,370,802.47
Sales of underwater monitoring products and related products	1,720,307.61	755,983.82
Sales of aircraft products	2,708,033.12	2,685,419.01
Sales of agricultural products	2,039,803.07	2,242,398.55
Total segment liabilities	**97,230,560.43**	**87,054,603.85**
Unallocated liabilities	10,458,507.64	9,703,770.26
Total consolidated liabilities	**107,689,068.07**	**96,758,374.11**

XVI. OTHER IMPORTANT MATTERS *(Continued)*

2. Segment information *(Continued)*

(2) Financial information of the reporting segments in the year *(Continued)*

Segment income and costs:

Sales of goods	Main business income for the year	Main business costs for the year
Sales of antenna products and provision of related services	22,351,581.59	13,723,377.63
Sales of agricultural products	4,752,785.98	4,754,206.48
Total	**27,104,367.57**	**18,477,584.11**

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
Income:					
External sales	**22,351,581.59**	**4,752,785.98**	**0.00**	**0.00**	**27,104,367.57**
Segment profit (loss)	**-2,949,952.91**	**-186,309.56**	**7,727.43**	**0.00**	**-3,128,535.04**
Unallocated other gain					0.00
Unallocated corporate expenditure for changes in the fair value of financial assets at fair value through profit and loss					0.00
Financial costs					-532,683.84
Unallocated income					620,674.96
Unallocated expenses and expenditure					-5,832,575.96
Loss before tax					**-8,873,119.88**

XVI. OTHER IMPORTANT MATTERS *(Continued)*

2. Segment information *(Continued)*

(2) Financial information of the reporting segments in the year *(Continued)*

Significant impairment losses, depreciation, and amortization by segment:

Item	Sales of antenna products and provision of related services	Sales of agricultural products	Sales of aircraft products	Sales of underwater monitoring and related products	Unallocated	Total
Assets impairment loss	-823,337.13	0.00	0.00	0.00	0.00	-823,337.13
Credit impairment loss	-2,015,437.65	-54,250.89	7,727.43	0.00	0.00	-2,061,961.11
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of bearer biological assets	321,344.73	218,199.54	0.00	0.00	0.00	539,544.27
Depreciation of right-of-use assets	0.00	18,589.80	187,205.37	0.00	32,202.19	237,997.36
Amortisation of intangible assets	**4,640,732.46**	**0.00**	**0.00**	**0.00**	**0.00**	**4,640,732.46**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) Accounts receivable presented by aging

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

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	21,151,993.23	9,308,965.50
1-2 years	1,611,282.89	288,656.73
2-3 years	70,278.15	23,727.52
Over 3 years	1,682,648.82	1,658,921.30
Of which: 3-4 years	23,727.52	360,753.50
4-5 years	360,753.50	0.00
Over 5 years	1,298,167.80	1,298,167.80
Total	**24,516,203.09**	**11,280,271.05**

The Group's sales in Mainland China are conducted on credit terms, generally granting customers a payment period of 30 to 90 days.

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(2) Accounts receivable presented by bad debts provision method

	Closing balance				
	Provision for bad debts		Book value		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book balance
Provision for bad debts by single item	1,298,167.80	5.30	1,298,167.80	100.00	0.00
Provision for bad debts by portfolio	23,218,035.29	94.70	1,112,583.03	4.79	22,105,452.26
Of which: Aging portfolio	23,218,035.29	94.70	1,112,583.03	4.79	22,105,452.26
Low-risk portfolio	0.00	0.00	0.00	0.00	0.00
Total	**24,516,203.09**	**100.00**	**2,410,750.83**	**–**	**22,105,452.26**

(Table continued)

	Opening balance				
	Provision for bad debts		Book value		
Type	Amount	Proportion (%)	Amount	Provision ratio (%)	Book balance
Provision for bad debts by single item	1,298,167.80	11.51	1,298,167.80	100.00	0.00
Provision for bad debts by portfolio	9,982,103.25	88.49	529,332.24	5.30	9,452,771.01
Of which: Aging portfolio	9,982,103.25	88.49	529,332.24	5.30	9,452,771.01
Low-risk portfolio	0.00	0.00	0.00	0.00	0.00
Total	**11,280,271.05**	**100.00**	**1,827,500.04**	**–**	**9,452,771.01**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(2) Accounts receivable presented by bad debts provision method *(Continued)*

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

Name	Opening balance		Closing balance			
	Book balance	Provisions for bad debts	Book balance	Provisions for bad debts	Provision ratio (%)	Reason for provision
Shaanxi Yijia Haosen Industrial Development Co., Ltd.	1,298,167.80	1,298,167.80	1,298,167.80	1,298,167.80	100.00	Expected to be unrecoverable
Total	**1,298,167.80**	**1,298,167.80**	**1,298,167.80**	**1,298,167.80**	**100.00**	**–**

2) Provision for bad debts of accounts receivable by portfolio

Aging portfolio:

Aging	Book balance	Closing balance Provisions for bad debts	Provision ratio (%)
Within 1 year (including 1 year)	21,151,993.23	634,559.80	3.00
1-2 years	1,611,282.89	161,128.29	10.00
2-3 years	70,278.15	14,055.63	20.00
3-4 years	23,727.52	14,236.51	60.00
4-5 years	360,753.50	288,602.80	80.00
Total	**23,218,035.29**	**1,112,583.03**	**–**

(3) Provision for bad debts of accounts receivable made, recovered or written-back during the year

Type	Opening balance	Provision	Amount of changes for the year Recovered or written-back	Charge-off or write-off	Others	Closing balance
Provisions for bad debts	1,827,500.04	583,250.79	0.00	0.00	0.00	2,410,750.83
Total	1,827,500.04	583,250.79	0.00	0.00	0.00	2,410,750.83

(4) Accounts receivable actually written off in the year

None.

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

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

The accounts receivable of top 5 debtors by closing balance in the year is RMB23,354,043.60 in total, the proportion to the total closing balance of accounts receivable is 95.26% and the corresponding closing balance of provision for bad debts is RMB2,072,419.72 in total.

2. Other receivables

Items	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	42,975,873.78	47,973,772.22
Total	**42,975,873.78**	**47,973,772.22**

2.1 Other receivables

(1) Classification of other receivables by nature

Nature of fund	Closing book balance	Opening book balance
Related current accounts	113,355,089.95	118,114,578.74
Current accounts	184,930.14	284,294.14
Deposits and security fund	153,000.00	554,805.00
Provisional deposit	121,184.77	91,468.29
Total	**113,814,204.86**	**119,045,146.17**

(2) Other receivables presented by aging

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	4,609,282.03	5,584,318.01
1-2 years	5,227,313.72	18,807,152.56
2-3 years	18,807,152.56	4,297,370.00
Over 3 years	85,170,456.55	90,356,305.60
Of which: 3-4 years	4,297,370.00	14,943,383.86
4-5 years	14,513,383.86	9,433,477.86
Over 5 years	66,359,702.69	65,979,443.88
Total	**113,814,204.86**	**119,045,146.17**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debts provision method

	Closing balance				
	Provision for bad debts		Book value		
Type	Amount	Ratio (%)	Amount	Provision ratio (%)	Book balance
Provision for bad debts by single item	70,834,270.07	62.24	70,834,270.07	100.00	0.00
Provision for bad debts by portfolio	42,979,934.79	37.76	4,061.01	0.01	42,975,873.78
Of which: Aging portfolio	135,367.00	0.12	4,061.01	3.00	131,305.99
Low-risk portfolio	42,844,567.79	37.64	0.00	0.00	42,844,567.79
Total	**113,814,204.86**	**100.00**	**70,838,331.08**	**–**	**42,975,873.78**

(Table continued)

	Opening balance				
	Provision for bad debts		Book value		
Type	Amount	Ratio (%)	Amount	Provision ratio (%)	Book balance
Provision for bad debts by single item	71,064,332.02	59.70	71,064,332.02	100.00	0.00
Provision for bad debts by portfolio	47,980,814.15	40.30	7,041.93	0.01	47,973,772.22
Of which: Aging portfolio	234,731.00	0.20	7,041.93	3.00	227,689.07
Low-risk portfolio	47,746,083.15	40.10	0.00	0.00	47,746,083.15
Total	**119,045,146.17**	**100.00**	**71,071,373.95**	**–**	**47,973,772.22**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debts provision method *(Continued)*

1) Provision for bad debts of other receivables by single item

Name	Opening balance		Closing balance			
	Book balance	Provisions for bad debts	Book balance	Provisions for bad debts	Provision ratio (%)	Reason for provision
Xi'an Haitian Communication System Engineering Co., Ltd.	13,065,559.90	13,065,559.90	9,984,958.65	9,984,958.65	100.00	Expected to be unrecoverable
Haitian Antenna (Shanghai) International Trade Co., Ltd.	19,418,135.81	19,418,135.81	19,048,135.81	19,048,135.81	100.00	Expected to be unrecoverable
Xi'an Haitian Wireless System Equipment Co., Ltd.	38,531,073.17	38,531,073.17	38,531,073.17	38,531,073.17	100.00	Expected to be unrecoverable
Xi'an New Haitian Communication Co., Ltd.	49,563.14	49,563.14	49,563.14	49,563.14	100.00	Expected to be unrecoverable
Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd.	0.00	0.00	3,220,539.30	3,220,539.30	100.00	Expected to be unrecoverable
Total	**71,064,332.02**	**71,064,332.02**	**70,834,270.07**	**70,834,270.07**	–	–

2) Provision for bad debts of other receivables by portfolio

Aging portfolio

Aging	Book balance	Closing balance Provisions for bad debts	Provision ratio (%)
Within 1 year (including 1 year)	135,367.00	4,061.01	3.00
Total	**135,367.00**	**4,061.01**	–

Other portfolio

Name of portfolio	Book balance	Closing balance Provisions for bad debts	Provision ratio (%)
Low risk portfolio	42,844,567.79	0.00	0.00
Total	**42,844,567.79**	**0.00**	–

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2.1 Other receivables *(Continued)*

(3) Other receivables presented by bad debts provision method *(Continued)*

3) Provision for bad debts of other receivables under the general model of expected credit losses

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit loss (not credit-impaired)	Stage 3 Lifetime expected credit loss (credit-impaired)	Total
Balance at 1 January 2025	7,041.93	0.00	71,064,332.02	71,071,373.95
Balance at 1 January 2025 for the year	–	–	–	–
– Transfer to stage 2	0.00	0.00	0.00	0.00
– Transfer to stage 3	0.00	0.00	0.00	0.00
– Written back to stage 2	0.00	0.00	0.00	0.00
– Written back to stage 1	0.00	0.00	0.00	0.00
Provision for the year	-2,980.92	0.00	3,220,539.30	3,217,558.38
Written-back for the year	0.00	0.00	3,450,601.25	3,450,601.25
Charge-off for the year	0.00	0.00	0.00	0.00
Written-off for the year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at 31 December 2025	**4,061.01**	**0.00**	**70,834,270.07**	**70,838,331.08**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2.1 Other receivables *(Continued)*

(4) Provision for bad debts of other receivables made, recovered or written-back during the year

Type	Opening balance	Amount of changes for the year				Closing balance
		Provisions	Recovered or written-back	Charge-off or write-off	Others	
Provisions for bad debts	71,071,373.95	3,217,558.38	3,450,601.25	0.00	0.00	70,838,331.08
Total	71,071,373.95	3,217,558.38	3,450,601.25	0.00	0.00	70,838,331.08

Of which, the significant amount recovered or written back from the provision for bad debts for the year:

Entity name	Amount of recovery or written-back	Reason for write-back	Recovery method	The basis for determining the original provisions for bad debts ratio and its rationality
Xi'an Haitian Communication System Engineering Co., Ltd.	3,080,601.25	Money received	Offset of current accounts of related parties	Full provision, reasonable
Haitian Antenna (Shanghai) International Trade Co., Ltd.	370,000.00	Money received	Offset of current accounts of related parties	Full provision, reasonable
Total	3,450,601.25	–	–	–

(5) Other receivable actually written off in the year

None.

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2.1 Other receivables *(Continued)*

(6) Other receivables of top 5 debtors by closing balance

Entity name	Nature of fund	Closing balance	Aging	Proportion to the total closing balance of other receivables (%)	Provisions for bad debts
Suzhou Haitian New Antenna Technologies Co., Ltd.	Related current accounts	42,570,283.02	1-5 years	37.40	0.00
Xi'an Haitian Wireless System Equipment Co., Ltd.	Related current accounts	38,531,073.17	1-3 years, more than 4 years	33.85	38,531,073.17
Haitian Antenna (Shanghai) International Trade Co., Ltd.	Related current accounts	19,048,135.81	Within 5 years, more than 5 years	16.74	19,048,135.81
Xi'an Haitian Communication System Engineering Co., Ltd.	Related current accounts	9,984,958.65	Within 5 years, more than 5 years	8.77	9,984,958.65
Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd.	Related current accounts	3,220,539.30	Within 1 year	2.83	3,220,539.30
Total	**–**	**113,354,989.95**	**–**	**99.59**	**70,784,706.93**

(7) Employee Loans Receivables

None.

3. Long-term equity investments

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	109,255,568.73	69,797,500.00	39,458,068.73	109,255,568.73	66,597,500.00	42,658,068.73
Total	**109,255,568.73**	**69,797,500.00**	**39,458,068.73**	**109,255,568.73**	**66,597,500.00**	**42,658,068.73**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Long-term equity investments *(Continued)*

(1) Investment in subsidiaries

Invested entity	Opening balance (book value)	Impairment provision Opening balance	Changes for the year: Additional investment	Changes for the year: Decreased investment	Changes for the year: Provision for impairment	Changes for the year: Others	Closing balance (book value)	Impairment provision Closing balance
Xi'an Haitian Communication System Engineering Co., Ltd	8,200,000.00	5,000,000.00	0.00	0.00	0.00	0.00	8,200,000.00	8,200,000.00
Xi'an Haitian Wireless System Equipment Co., Ltd.	20,000,000.00	20,000,000.00	0.00	0.00	0.00	0.00	20,000,000.00	20,000,000.00
Haitian Antenna (Shanghai) International Trade Co., Ltd.	20,000,000.00	20,000,000.00	0.00	0.00	0.00	0.00	20,000,000.00	20,000,000.00
Xi'an Haitian Marine Technologies Co., Ltd.	10,000,000.00	10,000,000.00	0.00	0.00	0.00	0.00	10,000,000.00	10,000,000.00
Xi'an Haitian Aviation & Aerospace Technologies Co., Ltd.	10,000,000.00	10,000,000.00	0.00	0.00	0.00	0.00	10,000,000.00	10,000,000.00
Suzhou Haitian New Antenna Technologies Co., Ltd.	39,458,068.73	0.00	0.00	0.00	0.00	0.00	39,458,068.73	0.00
Haitian Antenna Technologies (Hongkong) Limited	1,597,500.00	1,597,500.00	0.00	0.00	0.00	0.00	1,597,500.00	1,597,500.00
Total	**109,255,568.73**	**66,597,500.00**	**0.00**	**0.00**	**0.00**	**0.00**	**109,255,568.73**	**69,797,500.00**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Operating income, operating costs

(1) Operating income and operating costs

Items	Amount incurred in the year Income	Amount incurred in the year Costs	Amount incurred in last year Income	Amount incurred in last year Costs
Main business	22,351,581.59	15,775,028.77	14,031,502.95	8,405,516.65
Other businesses	0.00	0.00	41,433.63	41,433.63
Total	**22,351,581.59**	**15,775,028.77**	**14,072,936.58**	**8,446,950.28**

(2) Breakdown of operating income and operating costs

Items	Amount incurred in the year Income	Amount incurred in the year Costs	Amount incurred in last year Income	Amount incurred in last year Costs
Business Type				
Of which: Sales of antenna products and provision of related services	22,351,581.59	15,775,028.77	14,031,502.95	8,405,516.65
Sales of materials	0.00	0.00	41,433.63	41,433.63
By operating area				
Of which: Domestic	22,351,581.59	15,775,028.77	14,072,936.58	8,446,950.28
Overseas	0.00	0.00	0.00	0.00
By time of goods transfer				
Of which: Transfer at a certain point in time	22,351,581.59	15,775,028.77	14,072,936.58	8,446,950.28
Transfer within a certain period of time	0.00	0.00	0.00	0.00
By sales channel				
Of which: Direct Sales	22,351,581.59	15,775,028.77	14,072,936.58	8,446,950.28
Distribution	0.00	0.00	0.00	0.00
Total	**22,351,581.59**	**15,775,028.77**	**14,072,936.58**	**8,446,950.28**

XVII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Operating income, operating costs *(Continued)*

(3) Information related to performance obligations

Item	Time to fulfill performance obligations	Important payment terms	Nature of goods that the Company committed to transfer	Whether the Company is the main responsible person	Amounts that the Company is expected to return to customers	Types of quality assurance provided by the Company and its related obligations
Order contract	Inspection certificate is signed after unpacking inspection is passed	Payment is made upon receipt of the invoice after goods have been inspected and accepted by both parties	Goods	Yes	None	None
Total	–	–	–	–	–	–

5. Investment gain

Items	Amount incurred in the year	Amount incurred in last year
Investment income from disposal of long-term equity investments	0.00	-539,207.41
Gain on restructuring of debts	33,960.00	0.00
Others	-1,001.46	0.00
Total	**32,958.54**	**-539,207.41**

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS

1. Detailed statement of non-recurring gains and losses for the year

Items	Amount for the year	Notice
Gains and losses on disposal of non-current assets (Including the write-off portion of asset impairment provisions that have been made)	0.00	
Government subsidies included in current profit and loss (except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, are entitled in accordance with determined standards, and have a lasting impact on the Company's profits and losses)	0.00	
Reversal of impairment provision for accounts receivable that has been individually tested for impairment	0.00	
Debt restructuring gains and losses	0.00	
Other non-operating income and expenses other than the above	-24,957.45	
Sub-total	-24,957.45	
Less: Income tax impact	0.00	
Impact on minority interests (after-tax)	28.75	
Total	**-24,986.20**	**–**

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS *(Continued)*

2. 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	-16.23	-0.0046	-0.0046
Net profit attributable to the ordinary shareholders of the parent company after deduction of non-recurring gains and losses	-16.18	-0.0046	-0.0046

The calculation method of the numerator of basic EPS: Net profit attributable to the shareholders of the parent company RMB-8,712,377.85.

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) = 1,897,629,000.00.

The calculation method of the numerator of diluted EPS: Net profit attributable to the shareholders of the parent company RMB-8,712,377.85.

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) = 1,897,629,000.00.

3. Differences in accounting data under domestic and foreign accounting standards

None.

Financial Summary

CONSOLIDATED BALANCE SHEET

	31 December 2025	31 December 2024	31 December 2023	31 December 2022	31 December 2021
Total assets	**52,057,289.28**	49,999,190.96	58,564,833.84	92,244,165.94	117,517,885.18
Total liabilities	**107,689,068.07**	96,758,374.11	89,563,141.07	80,248,874.57	95,249,692.35
Total shareholders' equity	**-55,631,778.79**	-46,759,183.15	-30,998,307.23	11,995,291.37	22,268,192.83

CONSOLIDATED INCOME STATEMENT

	For the year of 2025	For the year of 2024	For the year of 2023	For the year of 2022	For the year of 2021
Operating income	**27,578,264.42**	21,960,142.24	13,091,468.20	20,530,084.65	39,067,769.85
Net profit	**-8,872,595.64**	-15,760,875.92	-42,993,598.60	-30,272,901.46	-22,673,358.63