西安海天天綫科技股份有限公司

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

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

(Stock Code: 8227)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

Characteristics of the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

* *for identification purposes only*

Final Results

The board of Directors (the "Board") of the Company announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011 as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	NOTES	**2012** **RMB**	2011 RMB
Revenue	4	**46,569,471**	50,886,381
Cost of sales		**(36,494,316)**	(46,538,013)
Gross profit		**10,075,155**	4,348,368
Other revenue	5	**25,425,620**	16,179,488
Gain on disposal of assets classified as held for sale		**2,263,963**	–
Distribution costs		**(2,520,968)**	(10,517,533)
Administrative expenses		**(13,454,926)**	(33,509,604)
Impairment loss recognised in respect of trade receivables		**(9,438,553)**	(8,986,356)
Impairment loss recognised in respect of other receivables and prepayments		**(795,307)**	(2,811,540)
Impairment loss on property, plant and equipment		**–**	(4,338,993)
Share of result of an associate	11	**(1,666,811)**	(164,132)
Finance costs	6	**(199,333)**	(3,278,531)
Profit (loss) before tax		**9,688,840**	(43,078,833)
Income tax credit	7	**2,715,121**	600,000
Profit (loss) and total comprehensive income (expense) for the year	8	**12,403,961**	(42,478,833)
Earnings (loss) per share			
– Basic and diluted	10	**1.92 cents**	(6.56 cents)

Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	**2012** **RMB**	2011 RMB
Non-current assets			
Property, plant and equipment		**63,473,339**	66,827,445
Prepaid lease payments		**–**	–
Intangible assets		**5,045,820**	8,227,570
Interest in an associate	11	**8,664,357**	10,054,947
Pledged bank deposits		**90,429**	–
Deferred tax assets		**2,715,121**	–
		79,989,066	85,109,962
Current assets			
Inventories		**25,875,803**	29,185,554
Trade receivables	12	**42,632,663**	44,720,974
Other receivables and prepayments		**7,649,970**	18,280,130
Amount due from a director		**769,071**	317,042
Amount due from a related company		**–**	91,204
Tax recoverable		**677,390**	677,390
Pledged bank deposits		**400,000**	3,800,000
Bank balances and cash		**4,846,130**	2,144,129
		82,851,027	99,216,423
Assets classified as held for sale		**–**	28,901,234
		82,851,027	128,117,657
Current liabilities			
Trade payables	13	**22,917,679**	58,262,282
Other payables and accrued charges	14	**19,320,897**	60,182,944
Dividend payables		**675,971**	675,971
Amount due to a director		**1,975,648**	3,550,924
Amounts due to related parties	15	**41,668,657**	57,589,595
Amount due to an associate	15	**26,981,197**	–
Bank and other borrowings		**16,940,000**	23,000,000
		130,480,049	203,261,716
Net current liabilities		**(47,629,022)**	(75,144,059)
Total assets less current liabilities		**32,360,044**	9,965,903
Non-current liabilities			
Deferred income		**4,977,600**	6,904,800
Net assets		**27,382,444**	3,061,103
Capital and reserves			
Share capital		**64,705,882**	64,705,882
Reserves		**(37,323,438)**	(61,644,779)
Equity attributable to owners of the Company and total equity		**27,382,444**	3,061,103

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company					
	Share capital *RMB*	**Share premium** *RMB*	**Statutory surplus reserve** *RMB*	**Other reserve** *RMB*	**Accumulated losses** *RMB*	**Total** *RMB*
At 1 January 2011	64,705,882	71,228,946	16,153,228	3,938,899	(110,487,019)	45,539,936
Loss and total comprehensive expense for the year	–	–	–	–	(42,478,833)	(42,478,833)
At 31 December 2011	64,705,882	71,228,946	16,153,228	3,938,899	(152,965,852)	3,061,103
Profit and total comprehensive income for the year	–	–	–	–	12,403,961	12,403,961
Contribution from shareholders	–	–	–	11,917,380	–	11,917,380
At 31 December 2012	**64,705,882**	**71,228,946**	**16,153,228**	**15,856,279**	**(140,561,891)**	**27,382,444**

NOTES:

1. ORGANISATION AND OPERATIONS

The Company is a joint stock limited company established in the People's Republic of China (the "PRC") and the H shares of the Company are listed on the GEM of the Stock Exchange.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The principal activities of the Group are research and development, manufacture and sale of base station antennas and related products.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the consolidated net current liabilities of RMB47,629,022 as at 31 December 2012. In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the coming year by taking into consideration the proposed arrangements which include, but are not limited to, the following:

(a) 西安海天投資控股有限責任公司(「海天投資」), a related company, has agreed not to demand for repayment of the balance of RMB41,668,657 due from the Group as at 31 December 2012 until it is in a financial position to do so;

(b) Xi'an Sunnada Haitian Antenna Technologies Co., Ltd. ("Xi'an Sunnada"), an associate company, has agreed not to demand for repayment of the balance of RMB26,981,197 due from the Group as at 31 December 2012 until it is in a financial position to do so;

(c) Ren Yuwen (任玉文), a shareholder of the Xi'an Sunnada, has agreed not to demand for repayment of the balance of RMB6,940,000 due from the Group as at 31 December 2012 within next twelve months, which is interest-free and with no fixed repayment terms. In view of the business strategic relationship, the Group had received long-term financial support from the close business partners;

(d) Xiao Bing (肖兵), a director of the Company, has agreed not to demand for repayment of the balance of approximately RMB1,975,648 due from the Group as at 31 December 2012 until it is in a financial position to do so;

(e) the directors of the Company anticipate that the Group will continually generate positive cash flows from its businesses;

(f) the directors of the Company have adopted various cost control measures to reduce various distribution costs and administrative expenses; and

(g) Subsequent to the end of the reporting period, 西安天安投資有限公司, a shareholder of the Company, has advanced RMB16,000,000 to the Group as working capital of the Group for the next twelve months after 31 December 2012 and has agreed not to demand for repayment from the Group for advance within next twelve months.

On the basis that the Group obtained the continuing availability of the financial support provided by the related parties and business partner, and the implementation of other measures with a view to improve its working capital position and net financial position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 31 December 2012. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Rules for First-Time Adopters;
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets.

The directors of the Company anticipate that the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of the HKAS 39 Financial Instrument: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its investment with other entities as at 1 January 2013.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that the application of these five standards will have no material impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of new standard may affect the certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

4. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are research and development, manufacture and sale of base station antennas and related products.

Revenue represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

An analysis of the Group's revenue for the year is as follows:

	2012	2011
	RMB	*RMB*
Sales of antennas and related products	**26,511,850**	19,405,853
Service income	**20,057,621**	31,480,528
	46,569,471	50,886,381

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operating decision makers, the broad of directors, for the purpose of allocating resources to segments and assessing their performance. The Group is organised into a single operating segment as sale of telecommunication products and rendering of related services. Accordingly, no reportable segment is presented.

Geographical information

The Group's operations are located in the PRC, Asia excluding PRC and other countries.

The Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	RMB	*RMB*	***RMB***	*RMB*
PRC (country of domicile)	**45,772,023**	50,624,029	**68,519,159**	75,055,015
Asia excluding PRC	**520,678**	160,270	**–**	–
Others	**276,770**	102,082	**–**	–
	46,569,471	50,886,381	**68,519,159**	75,055,015

For the purposes of monitoring segment performance and allocating resources between segments:

All non-current assets are allocated to operating segments other than interest in an associate, deferred tax assets and financial assets.

5. OTHER REVENUE

	2012	2011
	RMB	*RMB*
Government grants	**340,000**	650,000
Government grants amortised	**1,927,200**	1,666,665
Gain on disposal of intellectual property rights recognised as expenses in previous years	**6,278,804**	–
Impairment loss reversed in respect of trade receivables	**6,435,413**	297,427
Impairment loss reversed in respect of other receivables and prepayments	**1,297,154**	5,686,038
Waiver of trade payables	**6,127,151**	2,640,632
Waiver of other payables	**566,268**	2,414,995
Interest income	**25,180**	118,142
Sales of raw materials	**21,117**	450,587
Rental income	**806,533**	1,258,115
Bad debts recovery	**1,454,106**	846,769
Others	**146,694**	150,118
	25,425,620	16,179,488

6. FINANCE COSTS

	2012	2011
	RMB	*RMB*
Interests on bank and other borrowings wholly repayable within five years	**199,333**	3,251,996
Interests on discounted bills	**–**	26,535
	199,333	3,278,531

7. INCOME TAX CREDIT

	2012	2011
	RMB	*RMB*
Current tax		
Deferred Taxation	**(2,715,121)**	(600,000)

No provision for Hong Kong Profits Tax has been made as companies within the Group did not have any assessable profits in Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

During the year ended 31 December 2012, income tax expenses of the Company and its subsidiaries are charged on the estimated assessable profits at the appropriate current rates of taxation ruling in the PRC.

8. PROFIT (LOSS) FOR THE YEAR

	2012	2011
	RMB	*RMB*
Profit (loss) for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**2,628,164**	8,547,899
Amortisation of prepaid lease payments	**–**	20,777
Amortisation of intangible assets (included in administrative expenses)	**3,181,750**	3,038,426
Total depreciation and amortisation	**5,809,914**	11,607,102
Auditor's remuneration		
– audit services	**440,000**	420,000
– other services	**25,600**	25,600
Cost of inventories recognised as an expense	**25,333,670**	19,144,794
Staff costs		
– Directors' and supervisors' remuneration	**678,130**	1,634,764
– Salaries, wages and other benefits	**4,557,052**	16,525,555
– Severance payment for staff laid off	**940,437**	419,381
– Retirement benefit scheme contributions (excluding directors and supervisors)	**746,012**	1,250,631
Total staff costs	**6,921,631**	19,830,331
Loss on disposal of property, plant and equipment	**252,724**	150,375
Allowance for inventories (included in cost of sales)	**897,930**	5,216,738
Reversal of allowance for inventories (included in cost of sales)	**(2,423,217)**	(481,576)
Minimum lease payments under operating leases	**–**	6,068,190
Research and development costs recognised as an expense	**3,013,174**	6,604,550

9. DIVIDENDS

No dividend was paid or proposed during 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to the owners of the Company is based on the profit for the year attributable to owners of the Company of RMB12,403,961 (2011: loss for the year of RMB42,478,833) and the weighted average number of 647,058,824 (2011: 647,058,824) ordinary shares in issue during the year.

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as calculated above as the Company did not have any potential shares outstanding for the two years ended 31 December 2012.

11. INTEREST IN AN ASSOCIATE

The summary of the financial information in respect of the Group's associate is set out below:

	2012	2011
	RMB	*RMB*
Total assets	**94,066,902**	73,917,354
Total liabilities	**(28,093,127)**	(890,232)
Net assets	**65,973,775**	73,027,122
Group's share of net assets of the associate	**8,664,357**	10,054,947
Revenue	**28,380,256**	–
Loss for the year	**(10,834,268)**	(1,191,956)
Group's share of loss of the associate for the year	**1,666,811**	164,132

12. TRADE RECEIVABLES

The following is an aged analysis of trade receivables net of impairment loss recognised presented based on the invoice date at the end of the reporting period.

	2012	2011
	RMB	*RMB*
Within 60 days	**23,105,427**	6,949,003
61 to 120 days	**4,208,408**	3,024,931
121 to 180 days	**875,457**	102,987
181 to 240 days	**–**	824,589
241 to 365 days	**358,356**	6,283,224
Over 365 days	**14,085,015**	27,536,240
	42,632,663	44,720,974

The Group allows a credit period ranging from 90 days to 240 days to its trade customers. For receivables from certain customers, the amounts are settled by installments which are mutually determined and agreed by the relevant parties. The Group does not hold any collateral over these balances.

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2012	2011
	RMB	*RMB*
Within 60 days	**846,072**	11,062,858
61 to 120 days	**135,127**	2,837,209
121 to 365 days	**998,192**	8,990,734
Over 365 days	**20,938,288**	35,371,481
	22,917,679	58,262,282

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. OTHER PAYABLES AND ACCRUED CHARGES

	2012	2011
	RMB	*RMB*
Receipt in advance	**2,819,763**	37,633,573
Accrued salaries	**4,326,711**	4,845,914
Other payables	**10,247,223**	15,776,257
Deferred income	**1,927,200**	1,927,200
	19,320,897	60,182,944

15. AMOUNTS DUE TO RELATED PARTIES/AN ASSOCIATE

Name of related companies	**Relationship**	**2012**	**2011**
		RMB	*RMB*
Due to:			
海天投資	Common director and shareholder	**(41,668,657)**	(53,586,036)
Xiao Ying	Close family member of the executive director of the Company	**–**	(4,003,559)
		(41,668,657)	(57,589,595)
Xi'an Sunnada	Associate of the Company	**(26,981,197)**	–

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

Revenue recorded for the year ended 31 December 2012 was approximately RMB46.6 million, representing a slightly decrease of approximately 8.4% from the year of 2011. Under the pressure of prolonged price competition throughout the year, more effort was concentrated on the high-end products for the sales of antennas and related products and more favourable price was given to customers for related services.

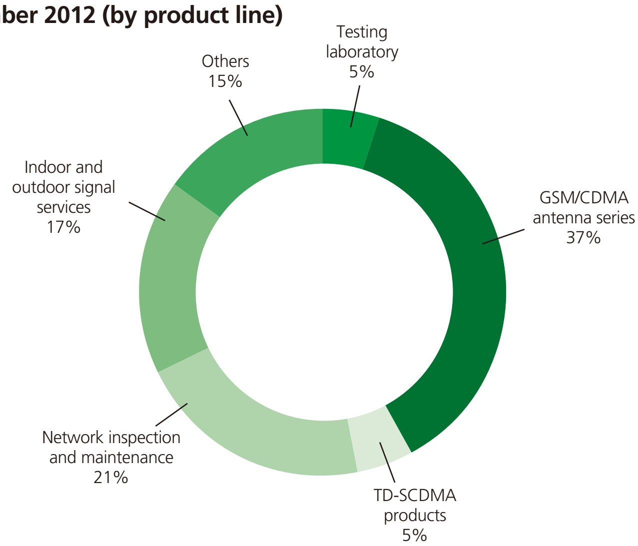
Around 57% of revenue was generated from sales of antenna and related products whereas only approximately 38% in 2011. Sales of TD-SCDMA products remained stable and were decreased approximately from 7% in 2011 to 5% in 2012. Although manufacture of 2G and 2.5G products was terminated during the year, revenue from GSM/CDMA antenna series products for the year was climbed up approximately from 17% in 2011 to 37% in 2012.

Service income was mainly come from network inspection and maintenance services, indoor and outdoor signal services, and testing laboratory services. Facing to intensive price competition, nevertheless increasing demand for network improvement, overall service income was dropped by approximately RMB11.4 million for the year ended 31 December 2012, representing a decrease of approximately 36.3% from last year. Network inspection and maintenance services and indoor and outdoor signal services contributed approximately 21% and 17% respectively to the revenue for the year, compared to approximately 30% and 25% respectively in 2011.

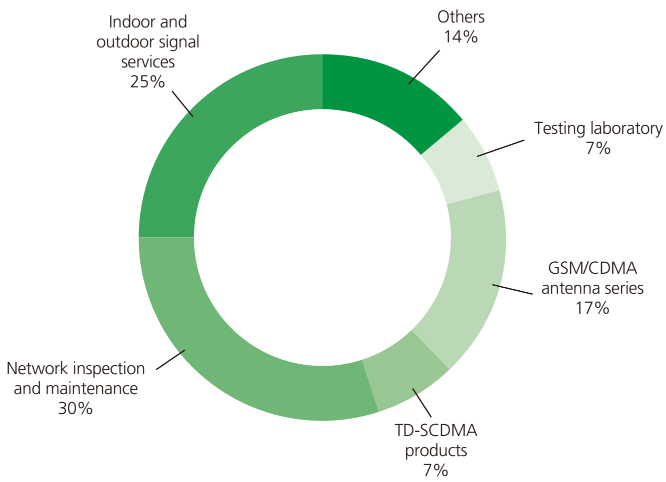
Approximately 73% of revenue was generated from the three major telecommunication operators, compared to approximately 45% in 2011. At the same time, the Group continued to establish its band name and expand its market share by diversifying its customer base to local agents and international suppliers for telecommunication facilities.

Composite of sales by product line for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011, are provided as follows:

For the year ended 31 December 2012 (by product line)

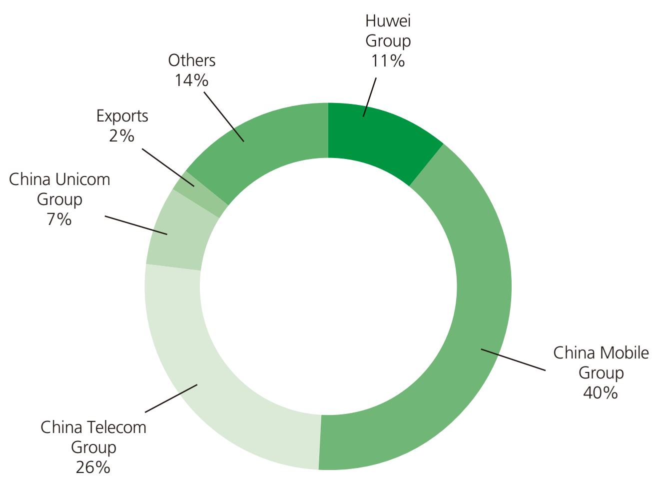


For the year ended 31 December 2011 (by product line)

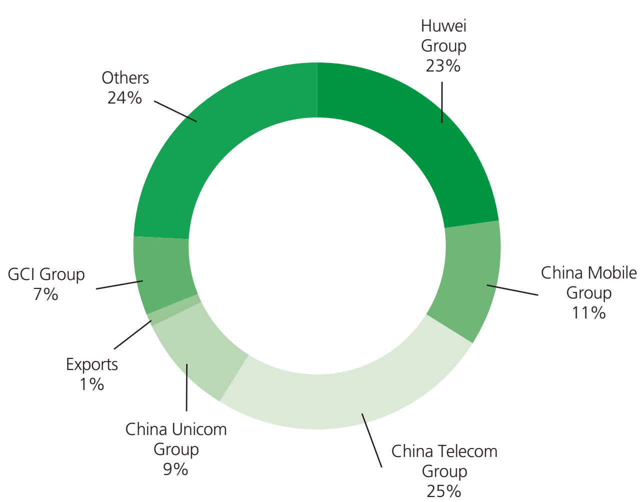


Composite of turnover by major customers for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011, are provided as follows:

For the year ended 31 December 2012 (by major customers)



For the year ended 31 December 2011 (by major customers)



Legend:

China Telecom Group: 中國電信集團公司 (China Telecommunications Corporation) and its subsidiaries and branch companies (collectively "China Telecom Group")

China Unicom Group: 中國聯合通信有限公司 (China United Telecommunications Corporation) and its subsidiaries and branch companies (collectively "China Unicom Group")

China Mobile Group: 中國移動通信集團公司 (China Mobile Communications Corporation) and its subsidiaries and branch companies (collectively "China Mobile Group")

Huawei Group: 華為技術有限公司 (Huawei Technologies Co., Ltd.) and its subsidiaries and branch companies (collectively "Huawei Group")

GCI Group: 廣州傑賽科技股份有限公司 (GCI Science & Technology Co., Ltd.) and its subsidiaries and branch companies (collectively "GCI Group")

Gross Profit

Gross profit of approximately RMB10.1 million was recorded for the year with gross profit margin of 21.6%, representing over 2.5 times increment as comparing to gross profit margin of 8.5% in 2011. This significant change was attributable to not only the effect of scale-down of excess production capacity and close-down of non-profitable operations throughout the year, but also reversal of the recognition of net allowance for inventories amounted to RMB1.5 million during the year, compared to recognition of net allowance of RMB4.7 million in 2011.

Other Revenue

Other revenue recognised for the year ended 31 December 2012 was approximately RMB25.4 million, representing approximately 157.1% of other revenue in 2011. Gain of approximately RMB6.3 million was recognised in respect of disposal of intellectual property rights which were expensed in previous years but not capitalised as intangible assets. Impairment loss on trade receivables, other receivables and prepayments amounted to approximately RMB7.7 million, compared to approximately RMB6.0 million in 2011, was reversed for the year as a result of recovery from impaired debts. Gain on debts restructuring in respect of wavier of trade and other payables was accounted for approximately RMB6.7 million for the year, compared to approximately RMB5.1 million in 2011, which further reduced the Group's controversial business obligations and liabilities.

Operating Costs and Expenses

Distribution costs for the year were approximately RMB2.5 million, representing a significant decrease of approximately RMB8.0 million or 76.0% comparing to the year 2011. Under the Group's marketing strategy of concentration on mainland China market development, cost savings on construction and operating cost for sales representative offices, and overseas agency, exhibition and business fees were approximately RMB4.5 million. Nearly RMB1.5 million staff costs were saved under performance evaluation and incentive management approach throughout the year.

Success of the new cost control strategy over the Group's operations and disposal of excess office premises resulted in decrease in administrative expenses by approximately RMB20.1 million or 59.8% comparing to the year 2011. Staff costs amounted to approximately RMB2.8 million and utility expenses amounted to approximately RMB1.6 million were saved for the year. Depreciation expenses were reduced by approximately RMB3.0 million after removal of idle and non-operating assets. In additions, approximately RMB6.0 million of rental expenses ware not recognised because of rental wavier and rent-free agreed by landlord.

No significant finance costs were incurred for the year as more than RMB80 million interest-bearing bank and other borrowings were repaid during 2011.

Impairment loss on trade receivables amounted to approximately RMB9.4 million was recognised during the year that accumulated impairment was nearly 37.7% of total trade receivables as at 31 December 2012, which was slightly greater than last year as compared to nearly 35.1% as at 31 December 2011. In turn, accumulated impairment of other receivables and prepayments increased from approximately 19.3% in 2011 to approximately 31.4% in 2012 after further recognition of RMB0.8 million during the year as total other receivables and prepayments were greatly decreased from approximately RMB22.6 million at 31 December 2011 to approximately RMB11.1 million at 31 December 2012.

No impairment loss was provided in respect of buildings to be disposed as no any outstanding sales and purchases agreement signed at the year end date.

Operating results of an associate, newly incorporated in the last quarter of 2011, were shared by the Group in according to equity interest held. The associate was still at its early stage of business, loss of close to RMB1.7 million was shared.

Deferred tax asset of approximately RMB2.7 million was recognised for the year as income tax credit in respect of unused tax losses of approximately RMB10.9 million, out of total unused tax losses of approximately RMB125.4 million. It is believed that the recognised tax losses could be utilised in the foreseeable future.

Profit for the year

Consequently, profit attributable to shareholders of approximately RMB12.4 million was reported by the Group for the year which represented a turnaround from loss of RMB42.4 million in the year 2011.

PROSPECTS

Fuelled by the PRC government's effort on stepping up the construction of TD-LTE network in 13 pilot cities across the country since late 2012, the number of pilot cities is expected to increase to more than 50 in 2013, thus adding fresh impetus to the market demand for TD-LTE antenna products of high margin. In 2013, the Group will continue to reinforce the sales of these categories of products, which will contribute higher rate of return for the Group.

At the same time, to withstand the overall sluggishness of the PRC mobile communications antenna industry in recent years, the Group will adjust its product structure and allocate the available resources on communication-related services including network optimisation and network inspection and maintenance. In addition, the Group plans to extend into new horizons of business, with a view to exploring new profit growth drivers and enhancing the operating performance of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the Group was mainly financed by cash from banking facilities and borrowings. As at 31 December 2012, the Group had bank borrowings of approximately RMB10.0 million and other borrowings of approximately RMB6.9 million of which all were repayable on demand or within one year. These borrowings were mainly used for the Group's daily operations.

During the year, all of the Group's interest-bearing borrowings borne interest rate of 7.8% per annum. Since all the borrowings were denominated in RMB, the Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2012, the Group's gearing ratio was 36.5% (2011: not applicable), which is calculated based on total interest-bearing borrowings of approximately RMB10.0 million over total shareholders' funds of approximately RMB27.4 million. Cash and cash equivalents increased from approximately RMB2.1 million to RMB4.8 million. Most of the Group's pledged bank deposits were deposited with banks to secure the quality of the products sold to certain customers and were denominated in RMB, which are directly related to the Group's businesses in the areas of the currencies concerned.

PURCHASES, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2012, neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHARGES ON GROUP ASSETS

As at 31 December 2012, the Group pledged bank deposits of approximately RMB0.5 million for qualify of products sold to customers.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Since most 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had approximately 93 (2011: 329) full-time employees. Total staff costs for the year 2012 amounted to approximately RMB6.9 million (2011: RMB19.8 million), including remuneration of the Directors and members of the supervisory committee (the "Supervisors"). The Group reviews employee remuneration from time to time and increases 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 and retirement benefits scheme. 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.

SIGNIFICANT INVESTMENT HELD

Except for investment in subsidiaries and further acquisition of 1.61% equity interests in an associate, the Group did not hold any significant investment for the year ended 31 December 2012.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2012, the Group had no material capital expenditure contracted for but not provided in the financial statements. As at 31 December 2011, the Group had capital expenditure contracted for but not provided in the financial statements in respect of construction cost on properties under construction and acquisition of property, plant and equipment, and capital investment in an associate amounted to approximately RMB1.5 million and approximately RMB1.8 million respectively.

Save as disclosed herein the Group did not have other plans for material investment.

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 2012.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company is always committed to maintaining high standards of corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code and Corporate Governance Report (the "Code") during the period from 1 April 2012 to 31 December 2012 contained in Appendix 15 of the GEM Listing.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or its subsidiaries was a party and in which a Director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules in April 2003. The Audit Committee is currently chaired by, an independent non-executive Director, Mr. Chen Ji and the other members are Professor Gong Shuxi and Mr. Li Wenqi, with the majority being independent non-executive Directors.

The Audit Committee is responsible for reviewing accounting policies and practices adopted by the Group. It also reviews and discusses matters related to financial reporting, internal control, 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 to the operating risks faced by the Group. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2012.

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

In the independent auditor's report, the auditor has included the following paragraph in the auditor's opinion to draw the shareholders' attention:

"Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate that the Group had net current liabilities of RMB47,629,022 as at 31 December 2012. 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."

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

Xi'an, the PRC, 27 March 2013

As at the date of this announcement, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閆鋒先生) and Mr. Xie Yiqun (解益群先生) being non-executive Directors; and Professor Gong Shuxi (龔書喜教授), Mr. Chen Ji (陳繼先生) and Mr. Qiang Wenyu (強文郁先生) being independent non-executive Directors.

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

* *for identification purposes only*