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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)

(Stock Code: 8227)

FINAL RESULTS ANNOUNCEMENT
(for the year ended 31 December 2008)

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the "Directors") of Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

* *for identification only*

FINAL RESULTS

The board of Directors (the "Board") of Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	NOTES	**2008** **RMB**	2007 RMB
Turnover	4	**152,020,094**	135,011,375
Cost of sales		**(93,153,927)**	(86,267,907)
Gross profit		**58,866,167**	48,743,468
Other revenue	4	**4,803,402**	12,410,309
Gain on disposal of intangible assets		**–**	12,104,782
Distribution costs		**(18,637,571)**	(16,542,367)
Administrative expenses		**(55,905,410)**	(48,386,452)
Finance costs	6	**(10,234,449)**	(7,442,762)
(Loss) profit before tax		**(21,107,861)**	886,978
Income tax credit	7	**60,735**	21,867
(Loss) profit for the year	9	**(21,047,126)**	908,845
Attributable to:			
Equity holders of the Company		**(21,047,126)**	921,031
Minority interests		**–**	(12,186)
		(21,047,126)	908,845
(Loss) earnings per share			
– Basic	10	**(3.25 cents)**	0.14 cents
Dividends	8	**–**	–

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	NOTES	**2008**	2007
		RMB	*RMB*
Non-current assets			
Property, plant and equipment		**117,559,544**	118,482,113
Prepaid lease payments		**848,716**	869,485
Goodwill		**4,836,763**	4,836,763
Intangible assets		**17,497,033**	27,588,574
Available-for-sales financial asset		**–**	–
Pledged bank deposits		**9,110,756**	2,492,699
		149,852,812	154,269,634
Current assets			
Inventories		**29,859,534**	34,571,680
Trade and bills receivables	*11*	**98,694,632**	93,512,868
Prepaid lease payments		**20,777**	20,785
Other receivables and prepayments		**38,919,946**	59,497,717
Amounts due from directors		**609,314**	664,810
Amounts due from related parties		**2,946,822**	3,118,885
Pledged bank deposits		**2,316,475**	745,634
Bank balances and cash		**8,662,072**	6,205,561
		182,029,572	198,337,940
Current liabilities			
Trade payables	*12*	**66,656,762**	63,268,729
Other payables and accrued charges		**20,072,616**	17,033,540
Dividend payables		**1,487,140**	1,987,140
Amounts due to directors		**3,000,650**	2,697,595
Tax liabilities		**4,129,285**	4,107,418
Bank and other borrowings		**87,449,905**	93,380,000
		182,796,358	182,474,422
Net current (liabilities) assets		**(766,786)**	15,863,518
Total assets less current liabilities		**149,086,026**	170,133,152
Non-current liabilities			
Deferred tax liabilities		**600,000**	600,000
Net assets		**148,486,026**	169,533,152
Capital and reserves			
Share capital		**64,705,882**	64,705,882
Reserves		**83,780,144**	104,827,270
Equity attributable to equity holders of the Company		**148,486,026**	169,533,152
Minority interests		**–**	–
Total equity		**148,486,026**	169,533,152

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Share capital *RMB*	Share premium *RMB*	Statutory surplus reserve *RMB*	Retained profits (accumulated loss) *RMB*	Total *RMB*	Minority interests *RMB*	Total *RMB*
At 1 January 2007	64,705,882	71,228,946	16,153,228	16,524,065	168,612,121	40,604,482	209,216,603
Profit for the year and total recognised income and expense for the year	–	–	–	921,031	921,031	(12,186)	908,845
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(40,592,296)	(40,592,296)
At 31 December 2007	64,705,882	71,228,946	16,153,228	17,445,096	169,533,152	–	169,533,152
Loss for the year and total recognised expense for the year	–	–	–	(21,047,126)	(21,047,126)	–	(21,047,126)
At 31 December 2008	**64,705,882**	**71,228,946**	**16,153,228**	**(3,602,030)**	**148,486,026**	**–**	**148,486,026**

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

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

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

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 RMB766,786 as at 31 December 2008 and the loss of RMB21,047,126 for the year then ended. In the opinion of the directors, 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) subsequent to the balance sheet date, the Company entered into three loan agreements with a bank in which the bank has granted the borrowings amounted to RMB50,000,000, RMB50,000,000 and RMB38,000,000 which are repayable in January 2011, December 2011 and January 2010, respectively. RMB59,000,000 of which has been used to retire part of the short-term bank borrowings as included in the consolidated balance sheet as at 31 December 2008. The directors are in the opinion that the remaining RMB79,000,000 will be used to finance the daily operation. The respective bank borrowings are secured by certain land and buildings of the Group and land use rights that are owned by a related company of the Company;

(b) subsequent to the balance sheet date, on 27 February 2009, the Company has successfully renewed a bank borrowing amounted to RMB10,000,000 for another one year up to 26 February 2010. The directors of the Company are in the opinion that the Group maintains good and stable relationship with its banks and are confident of receiving continuing financial support from the banks;

(c) the directors anticipate that the Group will continually generate positive cash flows from its businesses; and

(d) the directors have adopted various cost control measures to reduce various distribution costs and administrative expenses.

On the basis that the Group obtained the continuing availability of the banking facilities provided by its banks and the implementation of other measures with a view to improve its working capital position and net financial position, the directors 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 2008. Accordingly, the directors 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2008.

Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Interpretation ("Int") 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedge Items[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008
6 Effective for transfers of assets from customers received on or after 1 July 2009
7 Effective for annual periods ending on or after 30 June 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company has commenced considering the potential impact of other new or revised standards, amendments or interpretations, but is not yet in a position to determine whether these new or revised standards, amendments or interpretations would have a significant impact on how its results of operations and financial position are prepared and presented.

4. TURNOVER AND REVENUE

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

Turnover 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.

	2008	2007
	RMB	*RMB*
Turnover		
Sales of goods	**142,627,852**	128,565,375
Service income	**9,392,242**	6,446,000
	152,020,094	135,011,375
Other revenue		
Government grants	**3,753,603**	8,036,642
Interest income	**100,520**	161,533
Impairment loss reversed in respect of trade and bills receivables	**–**	997,697
Gain on disposal of prepaid lease payments	**–**	2,400,565
Others	**949,279**	813,872
	4,803,402	12,410,309
Total revenue	**156,823,496**	147,421,684

5. SEGMENT INFORMATION

The Group uses the business segment as its primary segment for reporting segment information. As sale of telecommunication products is the only reportable business segment of the Group, accordingly, no business segment information is presented.

Details of the segment information by geographical segment are as follows:

	Sales revenue by geographical market Year ended 31 December	
	2008	2007
	RMB	*RMB*
PRC	**79,493,968**	71,482,920
Asia excluded PRC	**70,170,272**	59,545,948
Others	**2,355,854**	3,982,507
	152,020,094	135,011,375

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2008	2007	**2008**	2007
	RMB	*RMB*	***RMB***	*RMB*
PRC	**323,250,725**	336,218,683	**16,335,976**	23,082,535
Asia excluding PRC	**8,511,246**	16,041,964	**–**	–
Others	**120,413**	346,927	**–**	–
	331,882,384	352,607,574	**16,335,976**	23,082,535

6. FINANCE COSTS

	2008	2007
	RMB	*RMB*
Interests on bank and other borrowings wholly repayable within five years	**10,648,173**	8,114,052
Less: amount capitalised	**(413,724)**	(671,290)
	10,234,449	7,442,762

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 10.16% (2007: 9.855%) per annum to expenditure on qualifying assets.

7. INCOME TAX CREDIT

	2008	2007
	RMB	*RMB*
Current tax		
PRC Enterprise Income Tax	**7,593**	234,411
Overprovision in prior years	**(68,328)**	(256,278)
	(60,735)	(21,867)

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

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax ("EIT") rate of the Group's subsidiaries that were subjected to 33% has been reduced to 25% from 1 January 2008 onwards.

Currently, the Company and certain of its subsidiaries established in PRC are recognised by the Xi'an Municipal Bureau of Science and Technology as a high technology enterprise located in the Xi'an National High-tech Industrial Development Zone, which are subject to EIT at the rate of 15%. Furthermore, the Company was exempted from EIT for two years starting from 2005 and is entitled to a 50% reduction, which is 7.5%, on the EIT for the following three years (i.e. commencing from 1 January 2007) in accordance with Article 8 of Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises.

The balance represents overprovision for EIT of certain subsidiaries in prior years and provision for EIT on the estimated assessable profit of certain subsidiaries for the year. Income tax expense for the Company and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant country.

8. DIVIDENDS

No dividend was paid or proposed during 2008, nor has any dividend been proposed since the balance sheet date (2007: nil).

9. (LOSS) PROFIT FOR THE YEAR

	2008	2007
	RMB	*RMB*
(Loss) profit for the year is arrived at after charging:		
Depreciation for property, plant and equipment	**10,926,720**	11,501,515
Amortisation of development costs	**9,334,857**	8,550,345
Amortisation of technological know-how	**1,000,000**	7,198,205
Amortisation of prepaid lease payments	**20,777**	139,881
Total depreciation and amortisation	**21,282,354**	27,389,946
Auditors' remuneration		
– audit services	**420,000**	390,000
– other services	**20,000**	–
Cost of inventories recognised as expenses	**86,834,816**	83,325,241
Staff costs		
– Directors' and supervisors' remuneration	**1,602,600**	1,728,456
– Salaries, wages and other benefits	**20,379,301**	19,519,427
– Retirement benefit scheme contributions (excluding directors and supervisors)	**742,299**	1,103,545
Total staff costs	**22,724,200**	22,351,428
Loss on disposal of property, plant and equipment	**419,729**	2,534,209
Allowance for inventories (included in cost of sales)	**3,728,643**	1,888,875
Impairment loss recognised in respect of available-for-sale financial asset (included in administrative expenses)	**–**	280,000
Impairment losses recognised in respect of intangible assets (included in administrative expenses)	**5,659,730**	–
Impairment loss recognised in respect of property, plant and equipment (included in administrative expenses)	**–**	1,531,970
Impairment loss recognised in respect of goodwill (included in administrative expenses)	**–**	179,741
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**960,815**	–
Impairment loss recognised in respect of other receivables (included in administrative expenses)	**6,025,680**	–
Net foreign exchange losses	**1,364,419**	1,913,611
Minimum lease payments under operating leases	**2,881,071**	2,866,130
Research and development costs	**3,618,504**	803,371

10. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share for the year is based on the loss for the year attributable to equity holders of the Company of RMB21,047,126 (2007: profit of RMB921,031) and the weighted average of 647,058,824 (2007: 647,058,824) ordinary shares in issue during the year.

No diluted (loss) earnings per share has been presented for the two years ended 31 December 2008 and 2007 as there were no diluting events existed during those years.

11. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade and bills receivables net of impairment loss recognised at the balance sheet date:

	2008	2007
	RMB	*RMB*
0 – 60 days	**29,599,632**	38,222,025
61 – 120 days	**8,726,388**	12,149,726
121 – 180 days	**9,325,879**	9,536,020
181 – 240 days	**13,758,876**	3,893,680
241 – 365 days	**1,670,249**	1,266,358
Over 365 days	**35,613,608**	28,445,059
	98,694,632	93,512,868

Generally, the Group allows a credit period 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.

12. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	2008	2007
	RMB	*RMB*
Aged:		
0 – 60 days	**27,848,330**	23,499,554
61 – 120 days	**1,058,912**	5,288,447
121 – 365 days	**14,122,627**	17,936,308
Over 365 days	**23,626,893**	16,544,420
	66,656,762	63,268,729

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

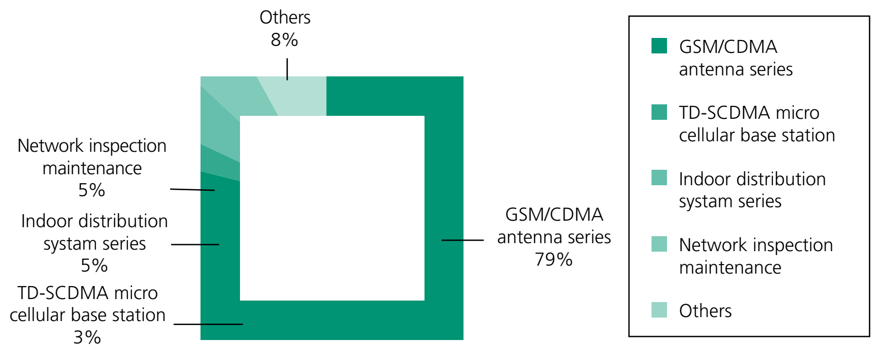
The Group recorded a turnover of approximately RMB152.0 million for the year ended 31 December 2008, representing an increase of approximately 12.6% from last year. The increase was mainly attributable to the success of exploring the Indian market and the launch of new self-developed remote electrical tilt antenna series.

With the successful experience of developing the international market last year, the Group focused on exploring the Indian market and established good cooperation relationship with well-known telecommunications operators in India. The export sales were increased from approximately RMB63.5 million in 2007 to approximately RMB72.5 million in 2008.

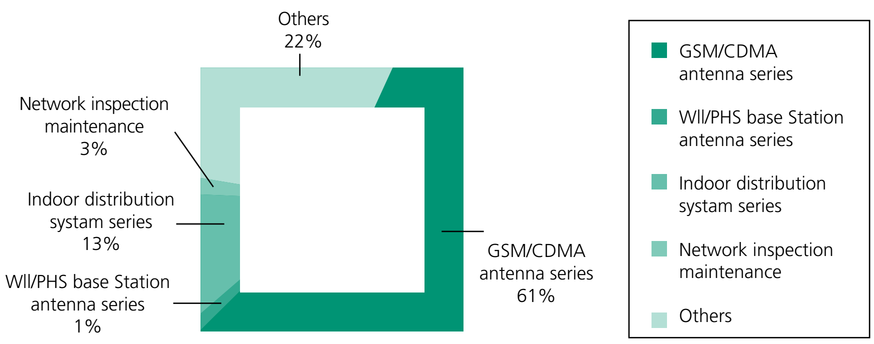
In addition, the Group's self-developed remote electrical tilt antenna series were launched and have generated considerable sales revenue this year. The contribution of sales of GSM/CDMA antenna series to the Group's revenue was increased from 61% in 2007 to 79% in 2008.

Composite of sales by product line for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007, are provided as follows:

For the year ended 31 December 2008 (by product lines)

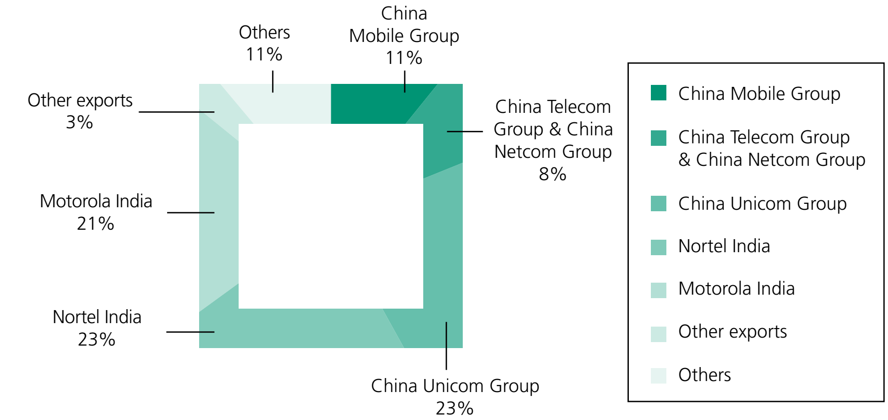


For the year ended 31 December 2007 (by product lines)

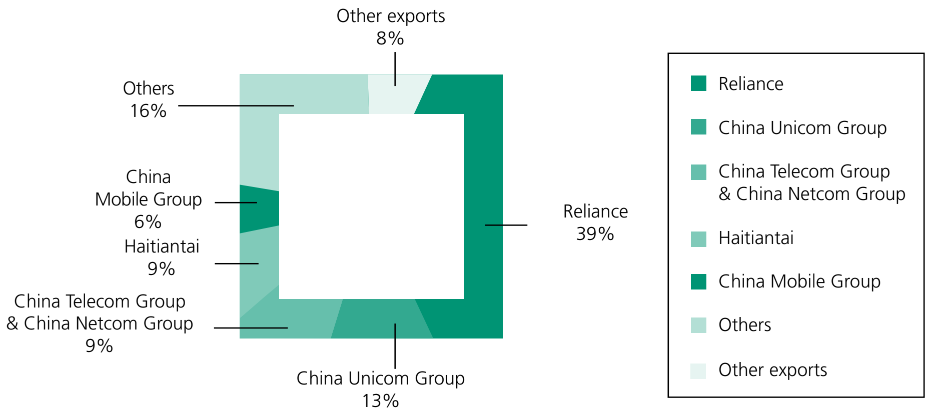


Composite of turnover by major customers for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007, are provided as follows:

For the year ended 31 December 2008 (by major customers)



For the year ended 31 December 2007 (by major customers)



Legend:

Reliance: Reliance Communications Limited, India

China Telecom Group & China Netcom Group: 中國電信集團公司 (China Telecommunications Corporation) and its subsidiaries and branch companies (collectively "China Telecom Group") and 中國網絡通信有限公司 (China Netcom Corporation Limited) and its subsidiaries and branch companies (collectively "China Netcom 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")

Haitiantai: 深圳市海天泰通訊設備有限公司 (Haitiantai Communication Equipment Co., Ltd.)

Nortel India: Nortel Networks India PVT Ltd

Motorola India: Motorola India Private Limited

Gross Profit

The Group's gross profit for the year 2008 amounted to approximately RMB58.9 million, representing an increase of approximately 20.8% over 2007. Gross profit margin was 38.7% in 2008 compared to 36.1% in 2007. The rising gross profit margin was due to the control on production costs continually imposed by the Group which reduced the unit cost this year. Besides, the Group launched self-developed higher value-added remote electrical tilt antenna series, which generated considerate sales revenue and increased the Group's profit margin for the year.

Other Revenue

Other revenue was approximately RMB4.8 million, representing a decrease of 61.3%. The significant decrease was mainly due to government grants decrease from approximately RMB8.0 million in 2007 to approximately RMB3.8 million in 2008. Besides, the Group had the gain on disposal of prepaid lease payments and reversal of impairment loss in respect of trade and bills receivable of approximately RMB2.4 million and RMB1 million respectively in 2007, but they had not recurred this year.

Operating Costs and Expenses

Distribution costs were approximately RMB18.6 million, representing an increase of approximately 12.7% over year 2007. The increase was in line with the growth of export sales for the year. It was mainly attributable to the increase of agency fees, transportation costs for export sales and overseas traveling expenses.

Administrative expenses had increased by approximately RMB7.5 million, representing an increase of 15.5% as compared with the year 2007. The increase was mainly due to the impairment losses in respect of development costs for technology of PHS, trade receivables and other receivables of approximately RMB5.7 million, RMB1.0 million and RMB6.0 million respectively recognized to the income statement this year. The increase has been partially offset by the decrease of amortization of technological know-how reduced from approximately RMB7.2 million in 2007 to approximately RMB1.0 million this year.

Finance costs amounted to approximately RMB10.2 million, representing an increase of approximately RMB2.8 million comparing with year 2007. The increase was mainly due to the increase of average interest rate on bank borrowings. Further, other borrowings borne interest at 13%-15% per annum this year while the corresponding borrowings were interest-free in 2007.

Consequently, loss attributable to shareholders for the year ended 31 December 2008 was approximately RMB21.0 million, as compared to a profit attributable to shareholders of approximately RMB0.9 million in the prior year. The net loss position was mainly due to the impairment losses recognised in respect of development costs and trade and other receivables as mentioned above.

PROSPECTS

3G potentials

On 7 January 2009, the PRC Ministry of Industry and Information announced that the three major telecommunication operators had received permission to operate third generation mobile telecommunications ("3G") business.

One of the Company's subsidiaries, Jiazai had successfully developed new 3G related products namely 3G repeater and trunk amplifier technologies in 2007. The Group further developed the new technology named Base Station Antenna Core Dipole Element for 3G networking this year. These new products and technologies had further strengthened our technology edge in 3G products. The Group will continue to focus on developing 3G related products and the Directors expect the opportunities that 3G brought to the Group are expectant.

Global income source

The Group proactively developed the international market over the past few years and which became the key revenue driver of the Group. In 2008, the export sales contributed approximately 47.7% of revenue to the Group. The Group will continue to establish good cooperation relationships with well-known international telecommunications operators. Leveraging their edges in terms of technology and costs, the Group will fully capitalize on the opportunities in the global market.

Enhancement of competitiveness

The Group continually strengthen its research and development, especially for product development. During the year, the Group launched self-developed remote electrical tilt antenna series, which have generated considerate sales revenue for the year. They are expected to have a larger contribution to the future revenue. Besides, the Group will continue to improve and further develop more high value-added remote electrical tilt antenna products.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the Group was mainly financed by cash from operations and banking facilities. As at 31 December 2008, the Group had bank loans of approximately RMB80.4 million and other loans of approximately RMB7.0 million which were all repayable within one year. These borrowings were mainly used for the Group's daily operations.

As at 31 December 2008, all of the Group's interest-bearing borrowings borne fixed interest rates ranging from 6.12% to 15%. Since most the borrowings were denominated in RMB, the Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2008, the Group's gearing ratio increased to 58.9% (2007: 55.1%), which is calculated based on total borrowings of approximately RMB87.4 million and total shareholders' funds of approximately RMB148.5 million. Cash and cash equivalents increased from approximately RMB6.2 million to RMB8.7 million. Most of the Group's bank deposits were deposited with banks as short-term deposits and were denominated in either USD or 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 2008, neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group did not have any material contingent liabilities.

CHARGES ON GROUP ASSETS

As at 31 December 2008, the Group pledged bank deposits of approximately RMB11.4 million, buildings of carrying value of approximately RMB23.9 million, land lease premium held for own use of carrying value of approximately RMB0.9 million and trade receivables of approximately RMB4.4 million for banking facilities.

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 2008, the Group had approximately 772 full-time employees. Total staff costs for the year 2008 amounted to approximately RMB22.7 million (2007: RMB22.4 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.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company have any 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.

SIGNIFICANT INVESTMENT HELD

Except for investment in subsidiaries, the Group did not hold any significant investment for the year ended 31 December 2008.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2008, 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 amounted to approximately RMB1.0 million (2007: RMB4.9 million).

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 material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2008.

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.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practice (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 December 2008.

Audit Committee and Summary of Independent Auditor's Report

The Company established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules in April 2003. The Audit Committee is currently chaired by an independent non-executive Director, Mr. Lei Huafeng, 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 and audit, 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 operating risks faced by the Group. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2008.

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

In the independent auditors' 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 indicates that as of 31 December 2008 the Group had net current liabilities of RMB766,786 and incurred loss of RMB21,047,126 for the year then ended. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

On behalf of the Board
Xi'an Haitian Antenna Technologies Co., Ltd.*
Professor Xiao Liangyong
Chairman

Xi'an, the PRC, 26 March 2009

As at the date of this announcement, the Board comprises Professor Xiao Liangyong (肖良勇教授), Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Luo Maosheng (羅茂生先生), Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Cong Chunshui (叢春水先生) and Mr. Lin Deqiong (林德瓊先生) being non-executive Directors; and Professor Gong Shuxi (龔書喜教授), Mr. Lei Huafeng (雷華鋒先生) and Mr. Qiang Wenyu (強文郁先生) being independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for at least 7 days from the day of its posting.