



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)

**FIRST QUARTERLY RESULT ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

**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 GEM website in order to obtain up-to-date information on GEM-listed issuers.

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This announcement, for which the directors (the “Directors”) of Xi’an Haitian Antenna Technologies Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the requirements of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange 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 the bases and assumptions that are fair and reasonable.*

* For identification purpose only

HIGHLIGHTS

- During the three months ended 31 March 2009, the Group recorded an unaudited net loss of RMB10.7 million, representing a decrease by RMB3.5 million as compared to the net loss of RMB15.6 million for the corresponding period in the year 2008.
- The Board does not recommend the payment of a dividend for the three months ended 31 March 2009 (2008: nil).

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

The Board hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2009, together with the unaudited comparative figures for the corresponding period in the year 2008 as follows:

		(Unaudited)	
		For the three months	
		ended 31 March	
		2009	2008
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3	36,139	9,978
Cost of sales		(26,976)	(9,230)
Gross profit		9,163	748
Other operating income		969	33
Distribution costs		(6,961)	(4,473)
Administrative expenses		(11,693)	(9,675)
Loss from operations		(8,522)	(13,367)
Finance costs		(2,098)	(2,235)
Loss before taxation		(10,620)	(15,602)
Income tax expense	4	(46)	–
Net loss attributable to the equity holders of the Company		(10,666)	(15,602)
Basic loss per share (in RMB cents)	6	(1.6)	(2.4)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

For the three months ended 31 March 2009

1. BASIS OF PREPARATION

The Company is a foreign investment joint stock limited company incorporated in the People's Republic of China and its overseas listed foreign shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (the "Group") are principally engaged in research and development, manufacture and sale of base station antennas and related products.

This unaudited consolidated financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Group's books and records are maintained in Renminbi ("RMB"), the currency in which the majority of the Group's transactions is denominated.

2. ACCOUNTING POLICIES

The accounting policies used in the unaudited consolidated financial results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

3. TURNOVER

Turnover represents the amounts received and receivable for goods sold to outside customers exclusive of value added taxes, less returns and allowances, and income received and receivable from provision of services.

Turnover breakdown by nature of revenue:

	(Unaudited) For the three months ended 31 March	
	2009	2008
	RMB'000	RMB'000
Sales of goods	32,382	9,210
Service income	3,757	768
	<u>36,139</u>	<u>9,978</u>

Turnover breakdown by geographical locations:

	(Unaudited) For the three months ended 31 March	
	2009	2008
	RMB'000	RMB'000
The People's Republic of China (the "PRC")	35,814	9,330
Overseas	325	648
	<u>36,139</u>	<u>9,978</u>

4. INCOME TAX EXPENSE

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 Regulations of the New Law. Under the New Law and Implementation Regulations, 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 approved by the Xi’an Municipal Bureau of Science and Technology as high technology enterprises 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 amount represents provision for EIT on the estimated assessable profits of certain subsidiaries for the three months ended 31 March 2009. Income tax expense for subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant country.

5. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2009 (2008: nil).

6. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the unaudited net loss for the three months ended 31 March 2009 of RMB10,666,000 (unaudited net loss for the three months ended 31 March 2008: RMB15,602,000) divided by the number of 647,058,824 shares in issue (2008: 647,058,824 shares).

No diluted loss per share has been presented because there is no potential ordinary share outstanding during either period.

7. RESERVES

	Share capital <i>RMB'000</i> (unaudited)	Share premium <i>RMB'000</i> (unaudited)	Statutory surplus reserve <i>RMB'000</i> (unaudited)	Retained profits (accumulated losses) <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
At 1 January 2008	64,706	71,229	16,153	17,445	169,533
Loss for the period	—	—	—	(15,602)	(15,602)
At 31 March 2008	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>1,843</u>	<u>153,931</u>
At 1 January 2009	64,706	71,229	16,153	(3,602)	148,486
Loss for the period	—	—	—	(10,666)	(10,666)
At 31 March 2009	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>(14,268)</u>	<u>137,820</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

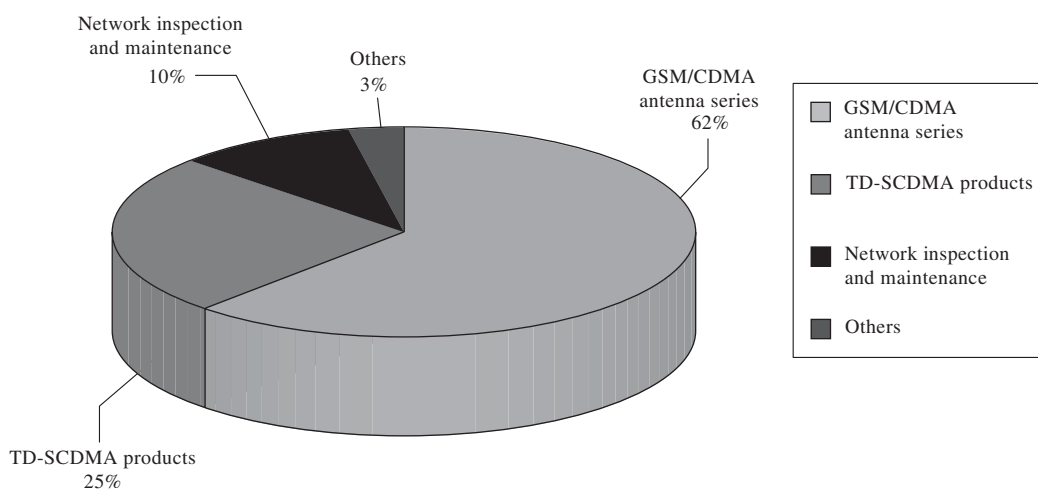
Turnover

The Group recorded an unaudited turnover of RMB36.1 million for the three months ended 31 March 2009, representing 3.62 times to the unaudited turnover for the corresponding period in the year 2008. The increase was mainly attributable to the commencement of the commercial sales for 3G products and the increase of the sales revenue of the Group's GSM/CDMA antenna series products.

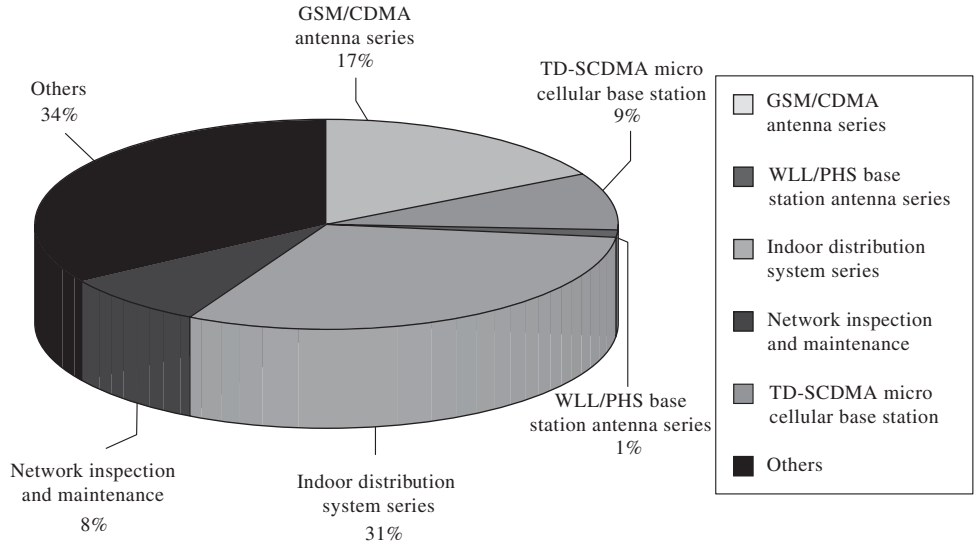
On 7 January 2009, the three major telecommunication operators received the approval from the Ministry of Industry and Information Technology of the People's Republic of China for the operation of 3G business. China Mobile Group started the bulk purchases of TD products from the Group and the contribution of TD products to total sales increased from 9% for the corresponding period in the year 2008 to 25% in current period. Meanwhile, the high value-added remote electrical tilt antenna products, which were self-developed by the Group in 2008, started the commercial sales in the second half of the year 2008 and continued to make a satisfactory contribution to the Group's sales. The sales revenue of GSM/CDMA antenna series products to the total sales revenue increased from 17% for the corresponding period in the year of 2008 to 62% in current period.

Composite of sales by product lines for the three months ended 31 March 2009, together with the comparative figures for the corresponding period in the year 2008, are provided as follows:

For the three months ended 31 March 2009 (by product line)

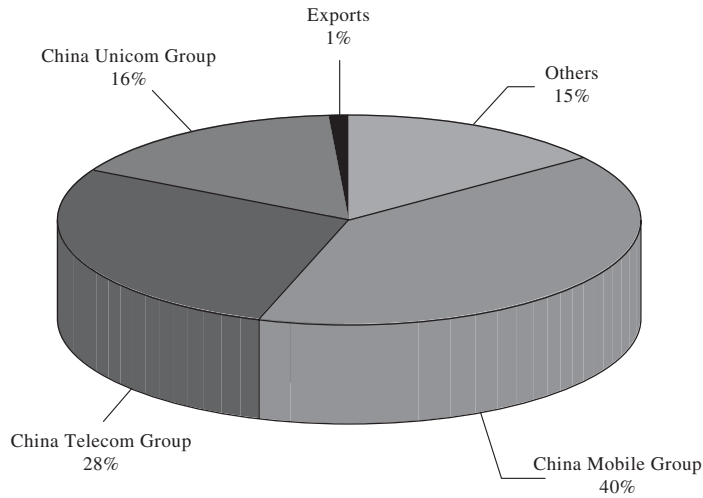


For the three months ended 31 March 2008 (by product line)

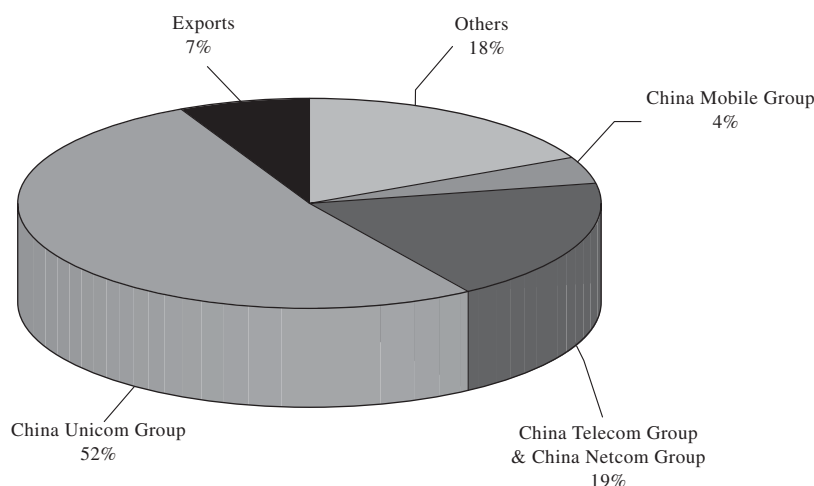


Composite of turnover by major customers for the three months ended 31 March 2009, together with the comparative figures for the corresponding period in the year 2008, is provided as follows:

For the three months ended 31 March 2009 (by major customers)



For the three months ended 31 March 2008 (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 Netcom Group: 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”)

Gross Profit

During the three months ended 31 March 2009, the Group’s unaudited gross profit amounted to RMB9.2 million, and gross profit margin amounted to 25.3%, representing a material increase when compared to the gross profit margin of 7.5% for the corresponding period in the year 2008. The increase was mainly due to the growth of sales revenue for high margin products especially for the 3G products and high value-added remote electrical tilt antenna products in current period.

Operating Costs and Expenses

Distribution costs of the Group amounted to RMB7.0 million for the three months ended 31 March 2009, representing an increase of RMB2.5 million or 55.6% comparing with the corresponding period in the year 2008. The increase was in line with the increase of sales revenue in current period.

Administrative expenses were RMB11.7 million for the three months ended 31 March 2009, representing an increase of RMB2.0 million or 20.6% when comparing with the corresponding period in the year 2008. Major administrative expenses represented depreciation on property, plant and equipment, staff salary, amortisation of research and development cost, bank charges and exchange losses. The increase was mainly due to increase of bank charges for the additional bank borrowings in current period.

Finance costs amounted to RMB2.1 million for the three months ended 31 March 2009, mainly represented interest expenses, which decreased by RMB0.1 million, comparing with the corresponding period in the year 2008. The decrease was mainly due to decrease in average bank loan interest rate in the current period when compared with that in year 2008.

Consequently, during the three months ended 31 March 2009, the Group recorded an unaudited net loss of RMB10.7 million, representing a decrease by RMB4.9 million as compared to the net loss of RMB15.6 million for the corresponding period in the year 2008.

PROSPECTS

The commercial sales of 3G products were commenced in the first quarter of 2009 and had boosted the sales revenue of the Group. This market was still at the initial stage of development and telecommunication operators are required to make further investments on the construction of 3G networks. China Mobile Group would announce the results of tenders in the second quarter. The Group expects these products will bring us the implausible business development opportunities and their contribution to the total sales revenue will continue to increase in the coming years.

Although telecommunication operators had commenced their operations of 3G networks, they would continue to refine the existing 2G network in the meantime. The Group also submitted to them the tenders and expected the high value-added remote electrical tilt antenna products would enhance the market share of base station antenna market in the PRC.

Besides, the Group will continue its focus on research and development, strengthen cost controls and boarden the high margin product portfolio so as to improve the Group's results.

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

As at 31 March 2009, the interests and short positions of the Directors, Supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong) had applied to the Supervisors) and chief executives of the Company, including their respective associates, in the shares (the “Shares”), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Domestic Shares of the Company

Name of Director	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Professor Xiao Liangyong (肖良勇教授)	Personal	Parties acting in concert (Note 1)	180,000,000	37.09%	27.81%
Mr. Xiao Bing (肖兵先生)	Personal	Held by controlled corporation (Note 1)	180,000,000	37.09%	27.81%
Mr. Zuo Hong (左宏)	Personal	Held by controlled corporation (Note 2)	75,064,706	15.47%	11.60%

Note 1: The Domestic Shares were held by 西安天安投資有限公司 (Xi'an Tian An Investment Company Limited*), (“Tian An Investment”), which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, Professor Xiao Liangyong and Mr. Xiao Bing were deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.

Note 2: The Domestic Shares were held by 深圳市匯泰投資發展有限公司 (Shenzhen Huitai Investment Development Company Limited*) (“Shenzhen Huitai”), which is beneficially owned by Mr. Zuo Hong and Zhang Yinghua in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Zhang Yinghua was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.

Save as disclosed above, none of the Directors, Supervisors and chief executive of the Company nor their respective associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2009 as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As at 31 March 2009, so far as is known to the Directors, Supervisors and chief executives of the Company, none of the Directors, Supervisors 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.

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

As at 31 March 2009, the following persons or entities (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

(A) Substantial shareholders of the Company

Long positions in Domestic Shares of the Company

Name of shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Tian An Investment	Corporate	Beneficial owner	180,000,000 (Note 1)	37.09%	27.81%
Ms. Yao Wenli (姚文俐女士)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.81%
西安開元控股集團 股份有限公司 (Xi'an Kaiyuan Holding Group Company Limited*)	Corporate	Beneficial owner	100,000,000	20.60%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706	15.47%	11.60%
Zhang Yinghua (張英華)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%

* For identification purpose only

Name of shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
西安國際信託投資有限公司 (Xi'an International Trust & Investment Co., Ltd.*, "XITIC")	Corporate	Beneficial owner	70,151,471	14.45%	10.84%
西安市財政局 (Xi'an Finance Bureau*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.45%	10.84%
上海証大投資管理有限公司 (Shanghai Zendai Investment Management Co., Ltd.*), ("Shanghai Zendai")	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.45%	10.84%

Notes:

1. The Domestic Shares were held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. By virtue of the SFO, Ms. Yao Wenli was deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.
2. The Domestic Shares were held by Shenzhen Huitai, which is beneficially owned by Zuo Hong and Zhang Yinghua in equal share. By virtue of the SFO, each of Zuo Hong and Zhang Yinghua was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.
3. The Domestic Shares were held by XITIC. By virtue of the SFO, Xi'an Finance Bureau and Shanghai Zendai, which respectively holds more than one third of voting rights of XITIC, were deemed to be interested in the same 70,151,471 Domestic Shares held by XITIC.

* For identification purpose only

(B) Other persons who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO

Long positions in Domestic Shares of the Company

Name of shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
北京京泰投資 管理中心 (Beijing Holdings Investment Management Co., Ltd.*), ("Beijing Holdings")	Corporate	Beneficial owner	54,077,941	11.14%	8.35%
京泰實業(集團) 有限公司 (Beijing Holdings (Group) Limited*)	Corporate	Held by controlled corporation	54,077,941 (Note 1)	11.14%	8.35%

Long positions in H Shares of the Company

Name of shareholder	Type of interest	Capacity	Number of H Shares held in the Company	Approximate percentage in the total issued H Shares of the Company	Approximate percentage in the total issued share capital of the Company
Taicom Capital Ltd.	Corporate	Investment manager	13,004,000 (Note 2)	8.04%	2.00%
Carlson Fund Equity Asian Small Cap	Corporate	Investment manager	10,520,000 (Note 2)	6.50%	1.62%
Ms. Song Ying	Personal	Beneficial owner	8,800,000 (Note 2)	5.43%	1.35%

Notes:

1. The Domestic Shares were held by Beijing Holdings. By virtue of the SFO, Beijing Holdings (Group) Limited, which holds more than one third of voting rights of Beijing Holdings, was deemed to be interested in the same 54,077,941 Domestic Shares held by Beijing Holdings.
2. The details of these shareholders of the Company were based on information as set out in the website of the Stock Exchange. The Company has not been notified by the relevant shareholders and has not received any Corporate Substantial Shareholder Notice from the relevant shareholders.

* For identification purpose only

Save as disclosed above, as at 31 March 2009, the Directors, Supervisors and chief executives of the Company were not aware of any person (other than the Directors, Supervisors and chief executives of the Company) who had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

AUDIT COMMITTEE

An audit committee of the Company (the “Audit Committee”) was established on 4 April 2003 with terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 31 March 2009, the Audit Committee comprised of Mr. Lei Huafeng and Professor Gong Shuxi, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. The Group’s unaudited consolidated results for the three months ended 31 March 2009 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2009, the Company has complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2009, the Company has adopted a code of conduct for securities transactions by Directors (the “Code”), which is no less exacting than the required terms for dealings of Shares by Directors as set out in Rule 5.48 to 5.67 of the GEM Listing Rules. In addition, the Company has made specific inquiry with all the Directors, and has not been notified of any noncompliance with the standard for dealings of securities by Directors and the Code.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 March 2009.

By order of the Board
Professor Xiao Liangyong
Chairman

Xi’an, the PRC, 8 May 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 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.