



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 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

** For identification purpose only*

HIGHLIGHTS

- During the three months ended 31 March 2010, the Group recorded an unaudited net loss of RMB15.9 million, representing an increase by RMB5.2 million as compared to the net loss of RMB10.7 million for the corresponding period in the year 2009.
- The unaudited turnover for the three months ended 31 March 2010 was RMB12.0 million, representing 33.2% of the unaudited turnover for the corresponding period in the year 2009.
- The Board does not recommend the payment of a dividend for the three months ended 31 March 2010 (2009: nil).

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

The board of directors of the Company (the “Board”) hereby announces the unaudited operating results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2010, together with the unaudited comparative figures for the corresponding period in the year 2009 as follows:

Unaudited Consolidated Statement of Comprehensive Income

		(Unaudited)	
		For the three months	
		ended 31 March	
		2010	2009
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3	11,992	36,139
Cost of sales		(8,680)	(26,976)
Gross profit		3,312	9,163
Other revenue		247	969
Distribution costs		(5,661)	(6,961)
Administrative expenses		(11,281)	(11,693)
Finance costs		(2,523)	(2,098)
Loss before tax		(15,906)	(10,620)
Income tax expense	4	—	(46)
Loss for the year and total comprehensive expenses for the period		(15,906)	(10,666)
Basic loss per share (in RMB cents)	6	(2.5)	(1.6)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

For the three months ended 31 March 2010

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 and methods of computation used in the preparation of this condensed financial information are consistent with those used in the Group's annual financial statements for the year ended 31 December 2009.

3. TURNOVER

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.

Turnover breakdown by nature of revenue:

	(Unaudited) For the three months ended 31 March	
	2010 RMB'000	2009 RMB'000
Sales of antennas and related products	8,996	32,382
Service income	2,996	3,757
	<u>11,992</u>	<u>36,139</u>

Turnover breakdown by geographical locations:

	(Unaudited) For the three months ended 31 March	
	2010 RMB'000	2009 RMB'000
The People's Republic of China (the "PRC")	11,699	35,814
Overseas	293	325
	<u>11,992</u>	<u>36,139</u>

4. INCOME TAX EXPENSE

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.

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%.

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. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2010 (2009: nil).

6. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the unaudited loss for the three months ended 31 March 2010 attributable to owners of the Company of RMB15,905,000 (unaudited loss for the three months ended 31 March 2009: RMB10,666,000) and the weighted average of 647,058,824 (2009: 647,058,824) ordinary shares in issue during the period.

No diluted loss per share has been presented as there were no diluting events existed 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)	Other reserve <i>RMB'000</i> (unaudited)	Retained profits (accumulated losses) <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
At 1 January 2009	64,706	71,229	16,153	–	(3,602)	148,486
Loss for the period and total comprehensive expenses for the period	–	–	–	–	(10,666)	(10,666)
At 31 March 2009	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>–</u>	<u>(14,268)</u>	<u>137,820</u>
At 1 January 2010	64,706	71,229	16,153	3,939	(30,122)	125,905
Loss for the period and total comprehensive expenses for the period	–	–	–	–	(15,906)	(15,906)
At 31 March 2010	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>3,939</u>	<u>(46,028)</u>	<u>109,999</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

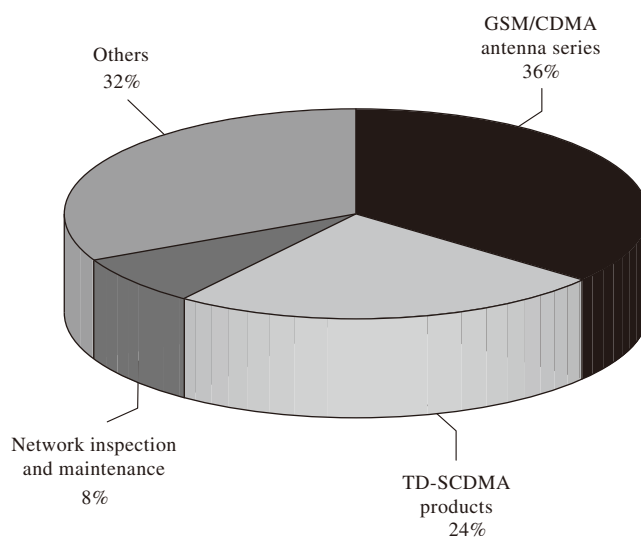
Turnover

The Group recorded an unaudited turnover of RMB12.0 million for the three months ended 31 March 2010, representing 33.2% of the unaudited turnover for the corresponding period in the year 2009. The decrease was mainly attributable to the delay in bulk purchases of both GSM/CDMA antenna series and TD-SCDMA products by the three major telecommunication operators and maintenance of profit margin of GSM/CDMA antenna series sales at a reasonable level.

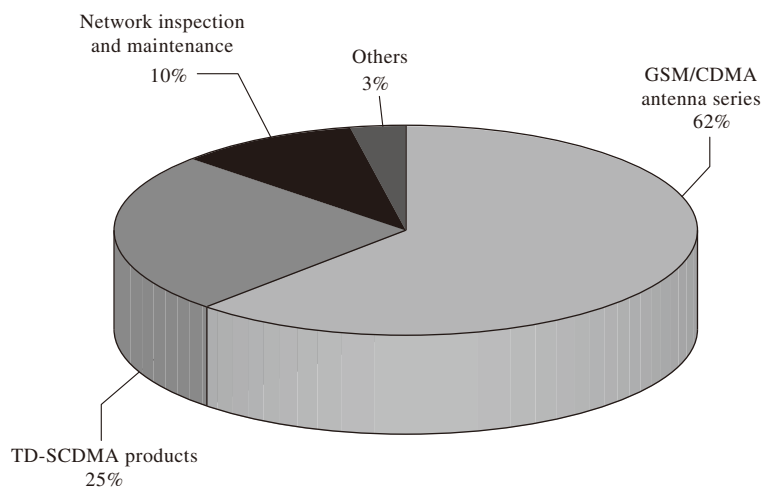
China Mobile Group postponed its bulk purchases of TD-SCDMA products from January to June 2010. China Unicom Group concentrated on the optimization of the existing 3G network and construction of new 2G network from last bulk purchases, its bulk purchases are expected to be carried out in July 2010. China Telecom Group emphasized on the optimization of the existing network without construction, bulk purchases would be carried out in July 2010 after products testing.

Composite of sales by product lines for the three months ended 31 March 2010, together with the comparative figures for the corresponding period in the year 2009, are provided as follows:

For the three months ended 31 March 2010 (by product line)

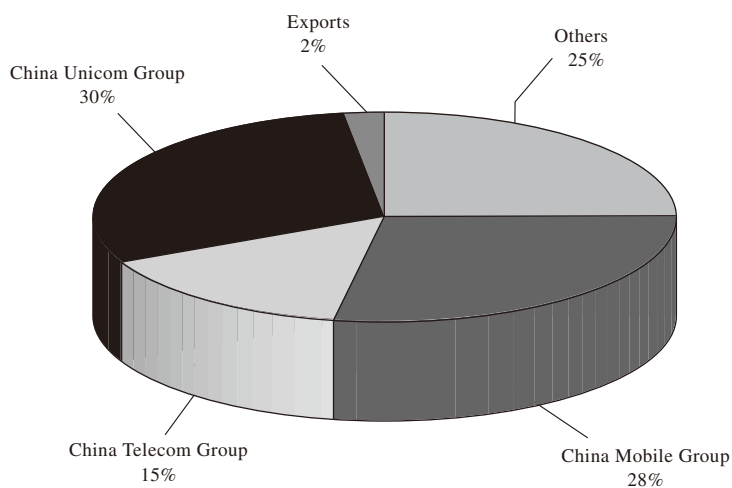


For the three months ended 31 March 2009 (by product line)

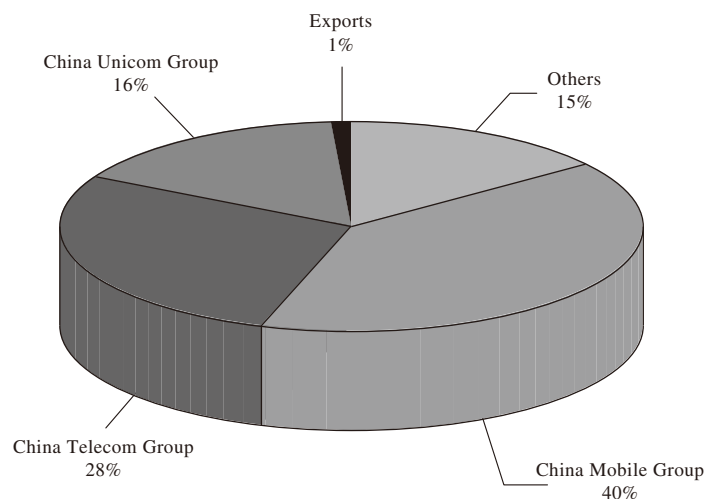


Composite of turnover by major customers for the three months ended 31 March 2010, together with the comparative figures for the corresponding period in the year 2009, are provided as follows:

For the three months ended 31 March 2010 (by major customers)



For the three months ended 31 March 2009 (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”)

Gross Profit

The profit margin for the three months ended 31 March 2009 was 25.4% which had been already reduced by around 5% due to discounts given to customers for early settlement. Therefore the original gross profit margin before such discounts should be nearly 31%.

During the three months ended 31 March 2010, the Group’s unaudited gross profit amounted to RMB3.3 million. Gross profit margin amounted to 27.6%, representing a decrease when compared to the original gross profit margin of 11.0% for the corresponding period in the year 2009. The main reason was the production level was low that the fixed wages and production costs led to higher average cost of sales.

Operating Costs and Expenses

Distribution costs of the Group amounted to RMB5.7 million for the three months ended 31 March 2010, representing a decrease of RMB1.3 million or 18.7% comparing with the corresponding period in the year 2009. The decrease was smaller than the decrease in sales revenue in current period because of higher cost in transportation for distribution and additional operating costs for more than 10 sales offices newly established by the Group during the current period.

Administrative expenses were RMB11.3 million for the three months ended 31 March 2010, representing an decrease of RMB0.4 million or 3.5% when comparing with the corresponding period in the year 2009. Major administrative expenses represented depreciation on property, plant and equipment, staff salary, amortisation of research and development cost, utilities and commission to agency. There were no material fluctuation between the cost components and in amounts.

Finance costs amounted to RMB2.5 million for the three months ended 31 March 2010, mainly represented interest expenses, which increased by RMB0.4 million, comparing with the corresponding period in the year 2009. The increase was mainly due to increase in bank loan average balances in the current period when compared with that in year 2009.

Consequently, during the three months ended 31 March 2010, the Group recorded an unaudited net loss of RMB15.9 million, representing an increase by RMB5.2 million as compared to the net loss of RMB10.7 million for the corresponding period in the year 2009.

PROSPECTS

The sales are expected to be recovered as the bulk purchases of the three major telecommunication operators would be started in mid-2010. Besides, the high demand for both 2G and 3G antenna constructed at the same station would stimulate the sales volume in the foreseeable future.

The Company devoted to the developments of high-end products including dual antenna for 2G and 3G network, new series of TD-SCDMA with multi-antenna, new variant of 3G products and efficient energy source integrated antenna. Some of new products were in the trial stage by customers and these new products' contribution to the sales revenue will continue to increase in the coming years.

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 2010, 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 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	180,000,000 (Note 1)	37.09%	27.82%
Mr. Xiao Bing (肖兵先生)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.82%
Mr. Zuo Hong (左宏)	Personal	Held by controlled corporation	75,064,706 (Note 2)	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 Mr. Zhang Yinghua in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Mr. Zhang Yinghua was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.

Other than 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 2010 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.

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

As at 31 March 2010, 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 2010, 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 <i>(Note 1)</i>	37.09%	27.82%
Ms. Yao Wenli (姚文俐女士)	Personal	Held by controlled corporation	180,000,000 <i>(Note 1)</i>	37.09%	27.82%
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	20.61%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706 <i>(Note 2)</i>	15.47%	11.60%
Mr. Zhang Yinghua (張英華)	Personal	Held by controlled corporation	75,064,706 <i>(Note 2)</i>	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.*)	Corporate	Beneficial owner	70,151,471 (Note 3)	14.46%	10.84%
西安市財政局 (Xi'an Finance Bureau*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	10.84%
上海証大投資管理有限公司 (Shanghai Zendai Investment Management Co., Ltd.*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	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 Mr. Zuo Hong and Mr. Zhang Yinghua in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Mr. 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 Xi'an International Trust & Investment Co., Ltd. ("XITIC"). By virtue of the SFO, Xi'an Finance Bureau and Shanghai Zendai Investment Management Co., Ltd., 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 substantial 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.*)	Corporate	Beneficial owner	54,077,941 (Note 1)	11.14%	8.36%
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%	8.36%

Long positions in H Shares of the Company

Name of substantial 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%	2.01%
Carlson Fund Equity Asian Small Cap	Corporate	Investment manager	10,520,000 (Note 2)	6.50%	1.63%
Ms. Song Ying	Personal	Beneficial owner	8,800,000 (Note 2)	5.44%	1.36%

Notes:

1. The Domestic Shares were held by Beijing Holdings Investment Management Co., Ltd. (“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 2010, 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 2010, 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 2010 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 2010, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2010, the Company adopted a code of conduct regarding securities transactions by Directors on terms which are same as the required standard of dealings as referred to Rule 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard for dealings and the code of conduct regarding securities transactions by the Directors.

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 2010.

By order of the Board
Professor Xiao Liangyong
Chairman

Xi'an, the PRC, 14 May 2010

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. Xie Yiqun (解益群先生) 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.

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