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 2010)

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 high investment risk may be attached than other companies listed on the 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.

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.

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 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 aspects 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 purpose 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 2010, together with the comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010**	2009
		RMB	*RMB*
Revenue	*4*	**68,469,673**	195,410,138
Cost of sales		**(72,889,995)**	(153,623,223)
Gross (loss) profit		**(4,420,322)**	41,786,915
Other revenue	*4*	**16,494,976**	12,790,652
Distribution costs		**(15,862,204)**	(20,168,784)
Administrative expenses		**(47,607,508)**	(41,645,013)
Impairment losses recognised in respect of goodwill		**(4,836,763)**	–
Impairment losses recognised in respect of intangible assets		**(3,042,544)**	–
Impairment losses recognised in respect of trade receivables		**(8,610,631)**	–
Impairment losses recognised in respect of other receivables and prepayments		**(5,525,774)**	(8,349,527)
Finance costs	*6*	**(7,962,991)**	(10,208,293)
Loss before tax		**(81,373,761)**	(25,794,050)
Income tax credit (expense)	*7*	**1,008,690**	(725,868)
Loss for the year and total comprehensive expense for the year	*8*	**(80,365,071)**	(26,519,918)
Loss per share			
– Basic and diluted	*10*	**(12.42 cents)**	(4.10 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	**2010** **RMB**	2009 RMB
Non-current assets			
Property, plant and equipment		**115,960,417**	121,319,148
Prepaid lease payments		**807,162**	827,939
Goodwill		**–**	4,836,763
Intangible assets		**9,832,743**	14,699,421
Pledged bank deposits		**2,200,000**	6,061,500
		128,800,322	147,744,771
Current assets			
Inventories		**31,269,778**	33,446,187
Trade and bills receivables	11	**90,536,927**	135,776,849
Other receivables and prepayments		**17,280,839**	45,845,647
Prepaid lease payments		**20,777**	20,777
Amount due from a director		**–**	823,559
Amounts due from related companies		**400,604**	9,782,768
Tax recoverable		**677,390**	–
Pledged bank deposits		**3,888,300**	4,125,986
Bank balances and cash		**30,280,358**	16,121,734
		174,354,973	245,943,507
Current liabilities			
Trade payables	12	**84,607,436**	85,821,388
Other payables and accrued charges		**24,332,226**	39,430,383
Dividend payables		**1,487,140**	1,487,140
Amounts due to directors		**10,242,627**	1,835,670
Amounts due to related parties		**44,237,346**	–
Tax liabilities		**–**	1,008,690
Bank and other borrowings		**83,940,584**	58,000,000
		248,847,359	187,583,271
Net current (liabilities) assets		**(74,492,386)**	58,360,236
Total assets less current liabilities		**54,307,936**	206,105,007
Non-current liabilities			
Bank and other borrowings		**–**	79,600,000
Deferred tax liabilities		**600,000**	600,000
Deferred income		**8,168,000**	–
		8,768,000	80,200,000
Net assets		**45,539,936**	125,905,007
Capital and reserves			
Share capital		**64,705,882**	64,705,882
Reserves		**(19,165,946)**	61,199,125
Equity attributable to owners of the Company and total equity		**45,539,936**	125,905,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Statutory surplus reserve**	**Other reserve**	**Accumulated losses**	**Total**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 1 January 2009	64,705,882	71,228,946	16,153,228	–	(3,602,030)	148,486,026
Total comprehensive expense for the year	–	–	–	–	(26,519,918)	(26,519,918)
Waiver of current account	–	–	–	3,938,899	–	3,938,899
At 31 December 2009	64,705,882	71,228,946	16,153,228	3,938,899	(30,121,948)	125,905,007
Total comprehensive expense for the year	–	–	–	–	(80,365,071)	(80,365,071)
At 31 December 2010	**64,705,882**	**71,228,946**	**16,153,228**	**3,938,899**	**(110,487,019)**	**45,539,936**

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 Group 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 also 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 RMB74,492,386 as at 31 December 2010 and the loss of RMB80,365,071 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) 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 RMB40,237,346 due from the Group as at 31 December 2010 until it is in a financial position to do so.

(b) the Group has present financial resources to maintain its liquidity and operating cash flows. As at 31 December 2010, the Group has an aggregate amount of RMB118,000,000 unutilised existing banking facility available. The directors of the Company are in the opinion that the Group maintains good and stable relationship with its bank and are confident of receiving continuing financial support from the bank;

(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 facility provided by its bank 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 2010. 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations of which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

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

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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 accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, 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 recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a 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.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of financial assets. However, if the Group enters into transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. REVENUE AND OTHER REVENUE

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.

	2010	2009
	RMB	*RMB*
Revenue		
Sales of antennas and related products	**42,446,960**	154,806,407
Service income	**26,022,713**	40,603,731
	68,469,673	195,410,138
Other revenue		
Government grants	**1,702,000**	8,124,811
Government grants amortised	**821,877**	1,330,031
Impairment loss reversed in respect of trade receivables	**2,121,799**	1,510,920
Impairment loss reversed in respect of other receivables and prepayments	**8,975,685**	–
Waiver of trade payables	**2,004,747**	852,926
Waiver of other payables	**581,503**	–
Interest income	**58,635**	71,943
Net foreign exchange gain	**29,135**	65,921
Gain on disposal of property, plant and equipment	**–**	12,054
Others	**199,595**	822,046
	16,494,976	12,790,652
Total revenue	**84,964,649**	208,200,790

5. SEGMENT INFORMATION

The Group is organised into a single operating segment as sale of telecommunication products and rendering of related services. Accordingly, no reportable segment is provided.

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

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	RMB	*RMB*	***RMB***	*RMB*
PRC (country of domicile)	**67,974,240**	191,807,494	**126,600,322**	141,683,271
Asia excluding PRC	**–**	3,526,523	**–**	–
Others	**495,433**	76,121	**–**	–
	68,469,673	195,410,138	**126,600,322**	141,683,271

6. FINANCE COSTS

	2010	2009
	RMB	*RMB*
Interests on bank and other borrowings wholly repayable within five years	**7,933,039**	10,488,368
Less: amounts capitalised	**(57,785)**	(280,075)
	7,875,254	10,208,293
Interests on discounted bills	**87,737**	–
	7,962,991	10,208,293

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.88% (2009: 6.14%) per annum to expenditure on qualifying assets.

7. INCOME TAX (CREDIT) EXPENSE

	2010	2009
	RMB	*RMB*
PRC Enterprise Income Tax		
– current tax	**–**	725,868
– overprovision in prior years	**(1,008,690)**	–
	(1,008,690)	725,868

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.

Currently, the Company and certain of its subsidiaries established in the 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.

During the year ended 31 December 2010, 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. LOSS FOR THE YEAR

	2010	2009
	RMB	*RMB*
Loss for the year has been arrived at after charging:		
Depreciation for property, plant and equipment	**9,347,768**	9,783,532
Amortisation of prepaid lease payments	**20,777**	20,777
Amortisation of intangible assets (included in administrative expenses)	**6,148,579**	7,747,645
Total depreciation and amortisation	**15,517,124**	17,551,954
Auditor's remuneration		
– audit services	**420,000**	420,000
– other services	**20,000**	20,000
Cost of inventories recognised as an expense	**37,781,232**	114,066,383
Staff costs		
– Directors' and supervisors' remuneration	**1,708,219**	1,685,781
– Salaries, wages and other benefits	**22,952,979**	25,062,382
– Retirement benefit scheme contributions (excluding directors and supervisors)	**1,557,382**	1,426,289
Total staff costs	**26,218,580**	28,174,452
Loss on disposal and written off of property, plant and equipment	**193,845**	–
Loss on written off of intangible assets	**200,765**	–
Allowance for inventories (included in cost of sales)	**3,504,913**	6,734,535
Reversal of allowance for inventories (included in cost of sales)	**(1,593,611)**	–
Bad debts written off in respect of trade receivables	**2,575,418**	–
Bad debts written off in respect of other receivables	**2,226,182**	–
Minimum lease payments under operating leases	**6,456,784**	4,085,851
Research and development costs recognised as an expense	**4,710,171**	2,981,634

9. DIVIDENDS

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: nil).

10. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year attributable to owners of the Company of RMB80,365,071 (2009: RMB26,519,918) and the weighted average number of 647,058,824 (2009: 647,058,824) ordinary shares in issue during the year.

The diluted loss per share is equal to the basic loss per share as calculated above as the Company did not have any potential shares outstanding for the two years ended 31 December 2010.

11. TRADE AND BILLS RECEIVABLES

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

	2010	2009
	RMB	*RMB*
Trade receivables		
Within 60 days	**20,740,936**	74,073,924
61 to 120 days	**5,083,297**	34,225,264
121 to 180 days	**2,586,006**	2,800,780
181 to 240 days	**1,864,865**	1,489,269
241 to 365 days	**23,300,785**	1,043,321
Over 365 days	**29,073,258**	22,144,291
	82,649,147	135,776,849
Bills receivables		
Within 60 days	**6,264,500**	–
61 to 120 days	**1,623,280**	–
	7,887,780	–
Total	**90,536,927**	135,776,849

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.

12. TRADE PAYABLES

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

	2010	2009
	RMB	*RMB*
Within 60 days	**5,239,512**	35,252,417
61 to 120 days	**3,362,550**	13,008,978
121 to 365 days	**34,955,242**	22,024,348
Over 365 days	**41,050,132**	15,535,645
	84,607,436	85,821,388

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.

BUSINESS REVIEW

Revenue

The Group recorded a turnover of approximately RMB68.5 million for the year ended 31 December 2010, representing a decrease of approximately 65.0% from last year.

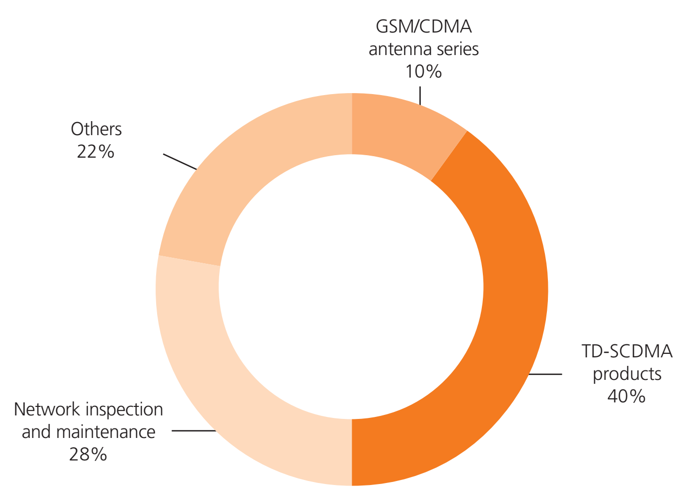
Our source of income was mainly depended on the PRC market during the year as most of our international markets have deferred or postponed their telecommunication development since the global financial crisis and tightened credit market over the world in previous years.

At the same time, the three major telecommunication operators in the PRC devoted to optimise their existing network and construction throughout the year and scheduled their bulk purchases near the end of the year. Therefore the sales from them dropped significantly and contributed only 48% to total sales revenue for the year while around 79% to total sales revenue for the year 2009.

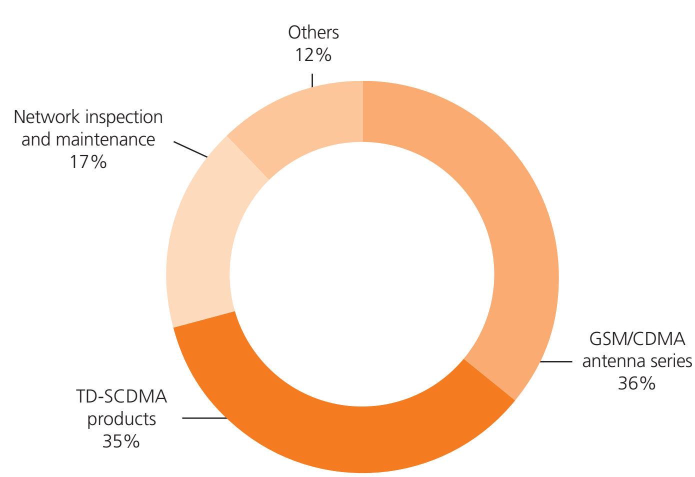
The Group also concentrated on more profitable operations that the sales revenue from GSM/CDMA antenna series was just 10% of total sales revenue in 2010, compared to 36% in 2009. Meanwhile, revenues from network inspection and maintenance increased from 17% for the year 2009 to 28% of total revenues for the year 2010.

Composite of sales by product line for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009, are provided as follows:

For the year ended 31 December 2010 (by product lines)

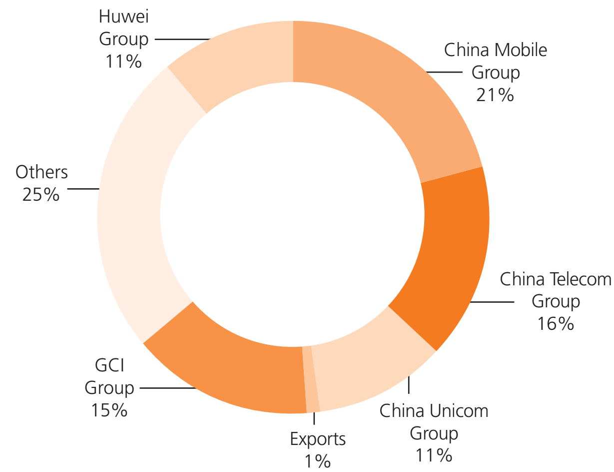


For the year ended 31 December 2009 (by product lines)

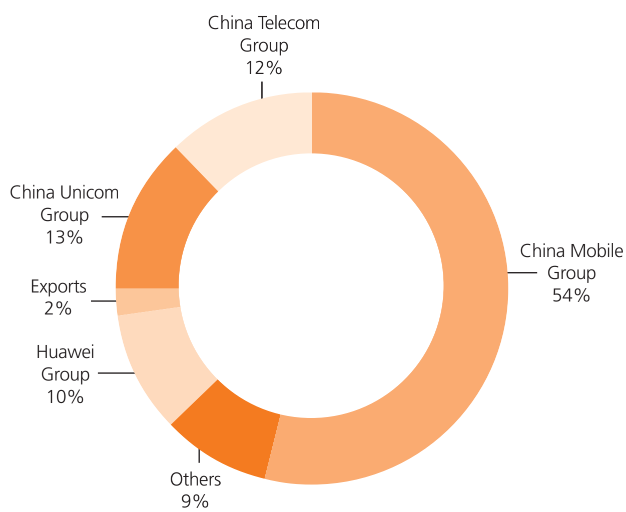


Composite of turnover by major customers for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009, are provided as follows:

For the year ended 31 December 2010 (by major customers)



For the year ended 31 December 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")

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 (Loss) Profit

The Group had a gross loss amounted to approximately RMB4.4 million for the year 2010 and gross loss margin was 6.5% in 2010 compared to gross profit margin of 21.4% in 2009. The main reason for gross loss margin was due to the Group concentrated on those sales with reasonable profit margin and gave up those sales with low profit margin, especially for GSM/CDMA antenna series products. At the same time, the Group put more existing resources on product development and product optimisation that scale of production was not utilised during the year.

Other Revenue

Other revenue was approximately RMB16.5 million, representing an increase of 29.0%. The significant increase was mainly attributable to increase in reversal of impairment loss on trade receivables, other receivables and prepayments by RMB9.6 million, which was offset by decrease in government grants from approximately RMB9.5 million in 2009 to approximately RMB2.5 million in 2010.

Operating Costs and Expenses

Distribution costs were approximately RMB15.9 million, representing a decrease of approximately 21.4% over year 2009. The decrease was less than the drop in sales for the year because of additional operating costs and construction costs for newly established sales office.

Administrative expenses had increased by approximately RMB6.0 million, representing an increase of 14.3% as compared with the year 2009. The increase was mainly due to higher operating lease rentals and more research and development costs incurred during the year.

Impairment losses on goodwill of RMB4.8 million, intangible assets of RMB3.0 million, trade receivables of RMB8.6 million and other receivables and prepayments of RMB5.5 million and bad debts written off of RMB4.8 million were accounted for during the year, compared to impairment loss on other receivables and prepayments of RMB8.3 million in 2009. The directors consider that such assets should be carried at recoverable amount to reflect their fair values.

Finance costs amounted to approximately RMB8.0 million which was 22.0% less than the amount in 2009 as the average amounts of bank borrowings during the year was lower than 2009.

Consequently, loss attributable to shareholders for the year ended 31 December 2010 was approximately RMB80.4 million, as compared to a loss attributable to shareholders of approximately RMB26.5 million in 2009. The net loss position was mainly due to the gross loss margin and the impairment loss on assets as mentioned above.

PROSPECTS

With the enhanced awareness of environmental protection, it is very difficult for telecommunication operators to select suitable places to construct new base stations in the city. Landscaping antenna, integrated antenna and dual-made antenna could provide a wide range of choice for site selection and the Group has successful products to satisfy such growing demand in the forthcoming future.

As China's leading new generation mobile communication technology TD-LTE 4G network is recognised internationally and is expected to have a large-scale application in 2011, it provides a new business opportunity to all telecommunication suppliers. The Group has well prepared for such new technology in order to meet the market demand which would contribute a new source of income to the Group.

Except for the Group's products testing laboratory, which has passed the national certification, rendering a new service to telecommunication operators and other products suppliers and also exerting the Group's strong technological development on products, the Group has entered the strategic cooperation framework agreement with a listed company in Hong Kong in order to strengthen its marketing strategy.

In view of international markets, the rapid development for 3G network in South Asia and South American gives enormous business opportunities to telecommunication operators and their facilities suppliers. The Group has a good customer network in these areas and is one of qualified producers of several well known international telecommunication facilities suppliers, it is believed that the exports sales would be increased in the forthcoming future.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the Group was mainly financed by cash from banking facilities. As at 31 December 2010, the Group had bank loans of approximately RMB80.3 million and other loans of approximately RMB3.6 million of which all were repayable within one year. These borrowings were mainly used for the Group's daily operations.

As at 31 December 2010, all of the Group's interest-bearing borrowings borne interest rates ranging from 4.63% to 15%. Since all the borrowings were denominated in RMB, the Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2010, the Group's gearing ratio increased to 184.3% (2009: 109.3%), which is calculated based on total interest bearing borrowings of approximately RMB83.9 million and total shareholders' funds of approximately RMB45.5 million. Cash and cash equivalents increased from approximately RMB16.1 million to RMB30.3 million. Most of the Group's bank deposits were deposited with banks as short-term deposits 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 2010, 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 2010, the Group pledged bank deposits of approximately RMB6.1 million, buildings of carrying value of approximately RMB22.2 million, land lease premium held for own use of carrying value of approximately RMB0.8 million, trade receivables of approximately RMB1.3 million and bills receivables of approximately RMB6.3 million for banking facilities.

CONTINGENT LIABILITIES

As at 31 December 2010, 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 2010, the Group had approximately 652 full-time employees. Total staff costs for the year 2010 amounted to approximately RMB26.2 million (2009: RMB28.2 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, the Group did not hold any significant investment for the year ended 31 December 2010.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2010, 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 RMB3.1 million (2009: RMB3.9 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 2010.

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 2010.

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 2010.

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 the Group had net current liabilities of RMB74,492,386 as at 31 December 2010 and incurred loss of RMB80,365,071 for the year then ended. 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."

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

Xi'an, the PRC, 25 March 2011

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. Liu Ruixuan (劉瑞軒先生), 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.

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 publication.

* *for identification purpose only*