



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 2011**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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.

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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 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

HIGHLIGHTS

- During the three months ended 31 March 2011, the Group recorded an unaudited net loss of RMB7.7 million, representing a decrease by RMB8.2 million as compared to the unaudited net loss of RMB15.9 million for the corresponding period in the year 2010.
- The unaudited revenue for the three months ended 31 March 2011 was RMB10.9 million, representing 90.9% of the unaudited revenue for the corresponding period in the year 2010.
- The Board does not recommend the payment of a dividend for the three months ended 31 March 2011 (2010: nil).

CONSOLIDATED RESULT FOR THE THREE MONTHS ENDED 31 MARCH 2011

The board of directors of the Company (the “Board”) hereby submits the unaudited operating results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2011, together with the unaudited comparative figures for the corresponding period in the year 2010 as follows:

Unaudited Consolidated Statement of Comprehensive Income

		(Unaudited)	
		For the three months	
		ended 31 March	
		2011	2010
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	10,898	11,992
Cost of sales		(9,193)	(8,680)
Gross profit		1,705	3,312
Other revenue		342	247
Distribution costs		(1,869)	(5,661)
Administrative expenses		(7,073)	(11,281)
Finance costs		(766)	(2,523)
Loss before tax		(7,661)	(15,906)
Income tax expense	4	–	–
Loss for the period and total comprehensive expenses for the period		(7,661)	(15,906)
Loss per share			
– Basic and diluted	6	(1.18 cents)	(2.46 cents)

Notes to the Unaudited Consolidated Financial Results

For the three months ended 31 March 2011

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 are 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 antenna 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 consolidated financial information are consistent with those used in the Group's annual financial statements for the year ended 31 December 2010.

3. REVENUE

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.

Revenue breakdown by nature:

	(Unaudited)	
	For the three months	
	ended 31 March	
	2011	2010
	RMB'000	RMB'000
Sales of antennas and related products	4,432	8,996
Service income	6,466	2,996
	10,898	11,992

3. REVENUE (continued)

Revenue breakdown by geographical locations:

	(Unaudited)	
	For the three months	
	ended 31 March	
	2011	2010
	RMB'000	RMB'000
The People's Republic of China (the "PRC")	10,885	11,699
Overseas	13	293
	<hr/>	<hr/>
	10,898	11,992
	<hr/>	<hr/>

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%.

5. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2011 (2010: nil).

6. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the unaudited loss for the three months ended 31 March 2011 attributable to owners of the Company of RMB7,661,000 (2010: RMB15,906,000) and the weighted average of 647,058,824 (2010: 647,058,824) ordinary shares in issue during the period.

No diluted loss per share have 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)	Accumulated losses <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
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>
At 1 January 2011	64,706	71,229	16,153	3,939	(110,487)	45,540
Loss for the period and total comprehensive expenses for the period	—	—	—	—	(7,661)	(7,661)
At 31 March 2011	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>3,939</u>	<u>(118,148)</u>	<u>37,879</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue

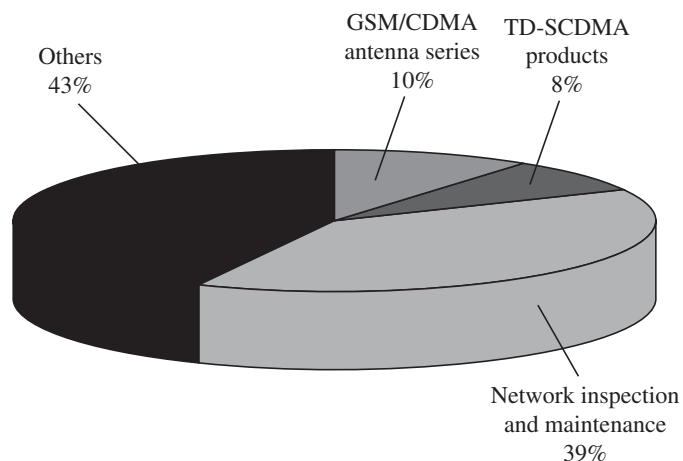
The Group recorded unaudited revenue of RMB10.9 million for the three months ended 31 March 2011, representing 90.9% of the unaudited revenue for the corresponding period in the year 2010. The decrease was mainly attributable to both price reductions on products and decline in sales volume for the period.

Our revenue was mainly from customers in mainland China and over 59% of revenue was come from service income during the period. Service income of RMB6.4 million was attributable to network inspection and maintenance, installation of antennas and products testing laboratory.

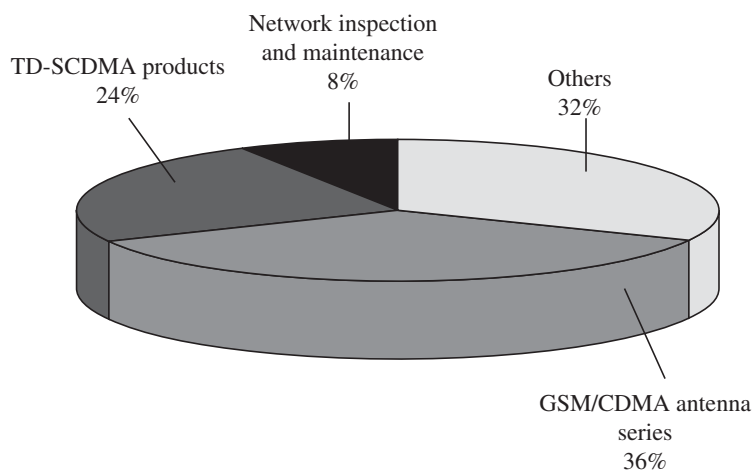
In respect of sales of antennas and related products, the Group diversified its customer base from the three major telecommunication operators to local agents and international suppliers for telecommunication facilities. During the period ended 31 March 2011, only 30% of revenue was generated from the three major telecommunication operators, while around 73% of revenue from them for the corresponding period in the year 2010.

Composite of sales by product line for the three months ended 31 March 2011, together with the comparative figures for the corresponding period in the year 2010, are provided as follows:

For the three months ended 31 March 2011 (by product line)

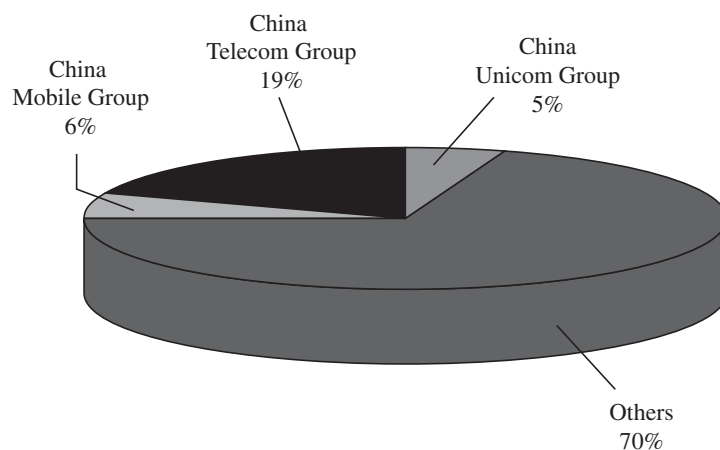


For the three months ended 31 March 2010 (by product line)

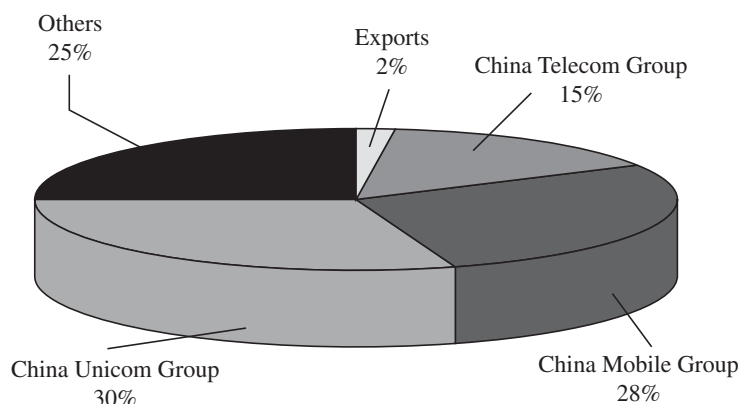


Composite of turnover by major customers for the three months ended 31 March 2011, together with the comparative figures for the corresponding period in the year 2010, are provided as follows:

For the three months ended 31 March 2011 (by major customers)



For the three months ended 31 March 2010 (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

During the three months ended 31 March 2011, the Group’s unaudited gross profit amounted to RMB1.7 million. Gross profit margin amounted to 15.6%, representing a decrease of 12.0% for the corresponding period in the year 2010. Except for fixed wages and depreciation expenses together with lower production level that led to higher average cost of sales, decrease in sales revenue generated from high profit margin TD-SCDMA products, from 24% of revenue for the corresponding period in 2010 to 8% for the current period in 2011, has further reduced the gross profit margin.

Other Revenue

The increase in other revenue by nearly RMB1 million compared with the corresponding in the year of 2010 was mainly attributable to increase in government grant for the current period.

Operating Costs and Expenses

Distribution costs of the Group amounted to RMB1.9 million for the three months ended 31 March 2011, representing a decrease of RMB3.8 million or 67.0% comparing with the corresponding period in the year 2010. The percentage decrease was greater than the percentage decrease in revenue in current period because of large scale drop in transportation costs and sales commission which were resulted from merely 41% of revenue from sales. Moreover no large construction costs for sales office were incurred and less sales bonus was paid for the period.

Administrative expenses were RMB7.1 million for the three months ended 31 March 2011, representing a decrease of RMB4.2 million or 37.3% comparing with the corresponding period in the year 2010. The decrease reflected the effectiveness of the new cost control strategy over the Group's operations for the current period. In additions, lower depreciation charges and insurance costs on tangible assets, drop in amortisation expenses on intangible assets and less commission to agency for less sales revenue enlarged the decline in administrative expenses.

Finance costs amounted to RMB0.8 million for the three months ended 31 March 2011, mainly represented interest expenses on borrowings, which decreased by RMB1.7 million, comparing with the corresponding period in the year 2010. The decrease was mainly due to reduction in borrowings by RMB123.6 million in the current period when compared with that in year 2010.

Consequently, during the three months ended 31 March 2011, the Group recorded an unaudited net loss of RMB7.7 million, representing a decrease by RMB8.2 million as compared to the unaudited net loss of RMB15.9 million for the corresponding period in the year 2010.

PROSPECTS

The Group has devoted resources to its national certified products testing laboratory to exert the Group's strong technological development on products. In the meantime, the Group has successfully undertaken two projects of "TD-LTE base station antenna research and development" * ("TD-LTE 基站天線的研發") and "Efficient energy source integrated antenna" ("高效節能的有源一體化天線") under the National Major Project 3 of "New generation of mobile, broadband and wireless communications network" * ("新一代移動寬帶無線通信網"). It is a chance for the Group to well prepare the forthcoming large-scale application of leading new generation mobile communication technology TD-LTE 4G network.

The Group not only concentrated on products development including high-end antenna, landscaping antenna, integrated antenna and dual-made antenna, but also proactively broadened its customer source in order to stabilise source of income and reduce concentration risk on certain customers.

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 2011, 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	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 (左宏先生)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%

Notes:

- 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.
- The Domestic Shares were held by 深圳市匯泰投資發展有限公司 (Shenzhen Huitai Investment Development Co., Ltd.*) (“Shenzhen Huitai”), which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li 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 2011 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 2011, 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 2011, 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 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
Tian An Investment	Corporate	Beneficial owner	180,000,000 (Note 1)	37.09%	27.82%
Ms. Yao Wenli (姚文俐女士)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.82%
西安開元控股集團 股份有限公司 (Xi'an Kaiyuan Holding Group Co., Ltd.*)	Corporate	Beneficial owner	100,000,000	20.61%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706 (Note 2)	15.47%	11.60%
Ms. Yi Li (易麗女士)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%

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
西安國際信託有限公司 (Xi'an International Trust 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 Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li 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 Co., Ltd. ("XITC"). 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 XITC, were deemed to be interested in the same 70,151,471 Domestic Shares held by XITC.

* 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 2011, 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, the Supervisors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an 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 2011, 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 2011 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 2011, the Company has complied with the requirements of 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 2011, 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 2011.

By order of the Board
Professor Xiao Liangyong
Chairman

Xi’an, the PRC, 13 May 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.

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