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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 Stock 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.

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 the 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, the information contained in this announcement is accurate and complete in all material respects 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 purposes only*

FINAL RESULTS

The board of Directors (the "Board") of the Company announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	2011 RMB	2010 RMB
Revenue	4	**50,886,381**	68,469,673
Cost of sales		**(46,538,013)**	(72,889,995)
Gross profit (loss)		**4,348,368**	(4,420,322)
Other revenue	5	**16,179,488**	16,494,976
Distribution costs		**(10,517,533)**	(15,862,204)
Administrative expenses		**(33,509,604)**	(47,607,508)
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		**(8,986,356)**	(8,610,631)
Impairment loss recognised in respect of other receivables and prepayments		**(2,811,540)**	(5,525,774)
Impairment loss on property, plant and equipment		**(4,338,993)**	–
Share of result of an associate		**(164,132)**	–
Finance costs	6	**(3,278,531)**	(7,962,991)
Loss before tax		**(43,078,833)**	(81,373,761)
Income tax credit	7	**600,000**	1,008,690
Loss and total comprehensive expense for the year	8	**(42,478,833)**	(80,365,071)
Loss per share			
– Basic and diluted	10	**(6.56 cents)**	(12.42 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	2011 RMB	2010 RMB
Non-current assets			
Property, plant and equipment		**66,827,445**	115,960,417
Prepaid lease payments		**–**	807,162
Goodwill		**–**	–
Intangible assets		**8,227,570**	9,832,743
Pledged bank deposits		**–**	2,200,000
Interest in an associate		**10,054,947**	–
		85,109,962	128,800,322
Current assets			
Inventories		**29,185,554**	31,269,778
Trade and bills receivables	*11*	**44,720,974**	90,536,927
Other receivables and prepayments		**18,280,130**	17,280,839
Prepaid lease payments		**–**	20,777
Amount due from a director		**317,042**	–
Amount due from a related company		**91,204**	400,604
Tax recoverable		**677,390**	677,390
Pledged bank deposits		**3,800,000**	3,888,300
Bank balances and cash		**2,144,129**	30,280,358
		99,216,423	174,354,973
Assets classified as held for sale		**28,901,234**	–
		128,117,657	174,354,973
Current liabilities			
Trade payables	*12*	**58,262,282**	84,607,436
Other payables and accrued charges	*13*	**60,182,944**	24,332,226
Dividend payables		**675,971**	1,487,140
Amounts due to directors		**3,550,924**	10,242,627
Amounts due to related parties	*14*	**57,589,595**	44,237,346
Bank and other borrowings		**23,000,000**	83,940,584
		203,261,716	248,847,359
Net current liabilities		**(75,144,059)**	(74,492,386)
Total assets less current liabilities		**9,965,903**	54,307,936
Non-current liabilities			
Deferred tax liabilities		**–**	600,000
Deferred income		**6,904,800**	8,168,000
		6,904,800	8,768,000
Net assets		**3,061,103**	45,539,936
Capital and reserves			
Share capital		**64,705,882**	64,705,882
Reserves		**(61,644,779)**	(19,165,946)
Equity attributable to owners of the Company and total equity		**3,061,103**	45,539,936

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	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 2010	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
Total comprehensive expense for the year	–	–	–	–	(42,478,833)	(42,478,833)
At 31 December 2011	**64,705,882**	**71,228,946**	**16,153,228**	**3,938,899**	**(152,965,852)**	**3,061,103**

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 GEM of the Stock Exchange.

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

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

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 RMB75,144,059 as at 31 December 2011 and the loss of RMB42,478,833 for the year then ended. In the opinion of the directors of the Company, 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 RMB53,586,036 due from the Group as at 31 December 2011 until it is in a financial position to do so;

(b) Professor Xiao Liangyong, a director of the Company has agreed not to demand for repayment of the balance of RMB3,550,924 due from the Group as at 31 December 2011 until it is in a financial position to do so;

(c) Mr. Xiao Ying, a related party has agreed not to demand for repayment of the balance of RMB4,003,559 due from the Group as at 31 December 2011 until it is in a financial position to do so;

(d) Mr. Ren Yuwen (任玉文), an independent third party has agreed not to demand for repayment of the balance of RMB23,000,000 due from the Group as at 31 December 2011 within next twelve months, which is interest-free and with no fixed repayment terms. In view of the business strategic relationship, the Group had received long-term financial support from the close business partners;

(e) the directors of the Company anticipate that the Group will continually generate positive cash flows from its businesses;

(f) the directors of the Company have adopted various cost control measures to reduce various distribution costs and administrative expenses; and

(g) subsequent to the end of the reporting period, 西安天安投資有限公司, a substantial shareholder of the Company has advanced RMB33,000,000 to the Group as working capital of the Group for the next twelve months after 31 December 2011 and has agreed not to demand for repayment until it is in a financial position to do so.

On the basis that the Group obtained the continuing availability of the financial support provided by the related parties and the implementation of other measures with a view to improve its working capital position and net financial position, the directors of the Company 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 2011. Accordingly, the directors of the Company 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").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Hong Kong Accounting Standard ("HKAS") HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (IFRIC) – Interpretation ("Int") Int 14	Prepayments of a minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Other than as further explained below regarding the impact of the amendment to HKAS 1 included in Improvements to HKFRSs 2010 and HKAS 24 (Revised), the adoption of other new and revised HKFRSs has had no significant financial effect on these financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the notes to the consolidated financial statements with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity. Such amendments have been applied retrospectively and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects:

(a) HKAS 24 (as revised in 2009) has changed the definition of a related party. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous Standard.

(b) In addition, HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Company and its subsidiaries are government-related entities as defined in HKAS 24 (as revised in 2009). Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has control over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years. However, the related party disclosures set out in note 40 have been changed to reflect the application of HKAS 24 (as revised in 2009).

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

Amendments to HKFRS 7 Disclosures – Transfers to Financial Assets

The amendments to HKFRS 7 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 of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the 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 presented 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 presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 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 may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

4. REVENUE AND SEGMENT INFORMATION

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.

An analysis of the Group's revenue for the year is as follows:

	2011	2010
	RMB	*RMB*
Sales of antennas and related products	**19,405,853**	42,446,960
Service income	**31,480,528**	26,022,713
	50,886,381	68,469,673

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operating decision makers, the board of directors, for the purpose of allocating resources to segments and assessing their performance. The Group is organised into a single operating segment as sale of telecommunication products and rendering of related services. Accordingly, no reportable segment is presented.

Geographical information

The Group's operations are located in the PRC, Asia excluding PRC and other countries.

The Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	2011	2010
	RMB	*RMB*	*RMB*	*RMB*
PRC (country of domicile)	**50,624,029**	67,974,240	**75,055,015**	126,600,322
Asia excluding PRC	**160,270**	–	**–**	–
Others	**102,082**	495,433	**–**	–
	50,886,381	68,469,673	**75,055,015**	126,600,322

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to operating segments other than interest in an associate, pledged bank deposits and other financial assets.

5. OTHER REVENUE

	2011	2010
	RMB	*RMB*
Government grants	**650,000**	1,702,000
Government grants amortised	**1,666,665**	821,877
Impairment loss reversed in respect of trade receivables	**297,427**	2,121,799
Impairment loss reversed in respect of other receivables and prepayments	**5,686,038**	8,975,685
Waiver of trade payables	**2,640,632**	2,004,747
Waiver of other payables	**2,414,995**	581,503
Interest income	**118,142**	58,635
Net foreign exchange gain	**–**	29,135
Sales of raw materials	**450,587**	–
Rental income	**1,258,115**	–
Bad debts recovery	**846,769**	–
Others	**150,118**	199,595
	16,179,488	16,494,976

6. FINANCE COSTS

	2011	2010
	RMB	*RMB*
Interests on bank and other borrowings wholly repayable within five years	**3,251,996**	7,933,039
Less: amounts capitalised	**–**	(57,785)
	3,251,996	7,875,254
Interests on discounted bills	**26,535**	87,737
	3,278,531	7,962,991

Borrowing costs capitalised for the year ended 31 December 2010 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 5.88% (2011: nil) per annum to expenditure on qualifying assets.

7. INCOME TAX CREDIT

	2011	2010
	RMB	*RMB*
Current Tax		
PRC Enterprise Income Tax		
– overprovision in prior years	**–**	(1,008,690)
Deferred Tax	**(600,000)**	–
	(600,000)	(1,008,690)

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.

During the year ended 31 December 2011, 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

	2011	2010
	RMB	*RMB*
Loss for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	**8,547,899**	9,347,768
Amortisation of prepaid lease payments	**20,777**	20,777
Amortisation of intangible assets (included in administrative expenses)	**3,038,426**	6,148,579
Total depreciation and amortisation	**11,607,102**	15,517,124
Auditor's remuneration		
– audit services	**420,000**	420,000
– other services	**20,000**	20,000
Cost of inventories recognised as an expense	**19,144,794**	37,781,232
Staff costs		
– Directors' and supervisors' remuneration	**1,634,764**	1,708,219
– Salaries, wages and other benefits	**16,525,555**	22,952,979
– Severance payment for staff laid off	**419,381**	–
– Retirement benefit scheme contributions (excluding directors and supervisors)	**1,250,631**	1,557,382
Total staff costs	**19,830,331**	26,218,580
Loss on disposal and written off of property, plant and equipment	**150,375**	193,845
Loss on written off of intangible assets	**–**	200,765
Allowance for inventories (included in cost of sales)	**5,216,738**	3,504,913
Reversal of allowance for inventories (included in cost of sales)	**(481,576)**	(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	**6,068,190**	6,456,784
Research and development costs recognised as an expense	**6,604,550**	4,710,171

9. DIVIDENDS

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: 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 RMB42,478,833 (2010: RMB80,365,071) and the weighted average number of 647,058,824 (2010: 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 2011.

11. TRADE AND BILLS RECEIVABLES

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

	2011	2010
	RMB	*RMB*
Within 60 days	**6,949,003**	20,740,936
61 to 120 days	**3,024,931**	5,083,297
121 to 180 days	**102,987**	2,586,006
181 to 240 days	**824,589**	1,864,865
241 to 365 days	**6,283,224**	23,300,785
Over 365 days	**27,536,240**	29,073,258
	44,720,974	82,649,147

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

	2011	2010
	RMB	*RMB*
Within 60 days	**–**	6,264,500
61 to 120 days	**–**	1,623,280
	–	7,887,780

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. The Group does not hold any collateral over these balances.

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.

	2011	2010
	RMB	*RMB*
Within 60 days	**11,062,858**	5,239,512
61 to 120 days	**2,837,209**	3,362,550
121 to 365 days	**8,990,734**	34,955,242
Over 365 days	**35,371,481**	41,050,132
	58,262,282	84,607,436

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.

13. OTHER PAYABLES AND ACCRUED CHARGES

	2011	2010
	RMB	*RMB*
Receipt in advance	**37,633,573**	3,745,079
Accrued salaries	**4,845,914**	4,937,871
Other payables	**15,776,257**	12,744,611
Deferred income	**1,927,200**	2,904,665
	60,182,944	24,332,226

14. AMOUNTS DUE TO RELATED PARTIES

Name of related companies	**Relationship**	2011	2010
		RMB	*RMB*
Due to:			
海天投資	Common director and shareholder	**(53,586,036)**	(40,237,346)
Xiao Ying	Close family member of the executive directors of the Company	**(4,003,559)**	(4,000,000)
		(57,589,595)	(44,237,346)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

Approximately RMB50.9 million revenue was recorded for the year ended 31 December 2011, representing a decrease of approximately 25.7% from the year of 2010. Although the growth in service income was more than 20% for the year, the decrease in revenue was mainly attributable to reduction in prices and decline in sales volume of antennas and related products.

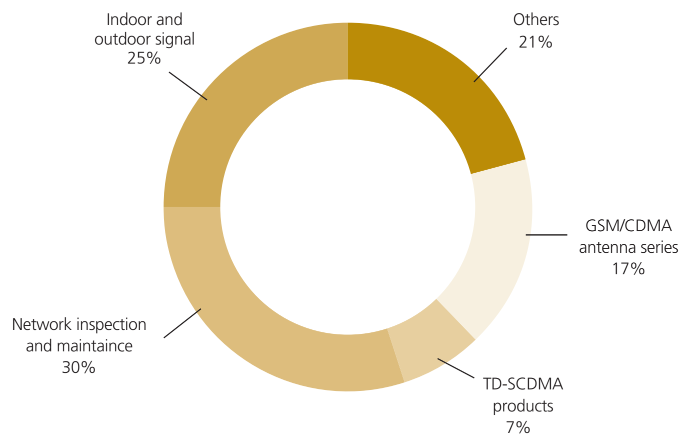
Over 61% of revenue was generated from service income in 2011 whereas only approximately 38% in 2010. Due to the increasing demand for network improvement, revenue from indoor and outdoor signal services was increased from 8% in 2010 to 25% in 2011. Together with stable revenue from network inspection and maintenance services, and success in products testing laboratory services to telecommunication operators and products suppliers, service income accounted for approximately RMB31.5 million for the year.

Sales from TD-SCDMA products accounted for 7% of revenue compared to 40% in 2010 as a result of intense price competition in the market. Although revenue from GSM/CDMA antenna series was increased by 7% in revenue during the year by lower price strategy, approximately RMB19.4 million was recognised as sales of antennas and related products for the year, representing a significant decrease of approximately 54.3% from last year.

During the year, the Group continued to diversify its customer base to local agents and international suppliers for telecommunication facilities in order to expand its market share and establish its brand name. Revenue generated from the three major telecommunication operators was merely 45% of revenue in 2011, compared to 48% in 2010.

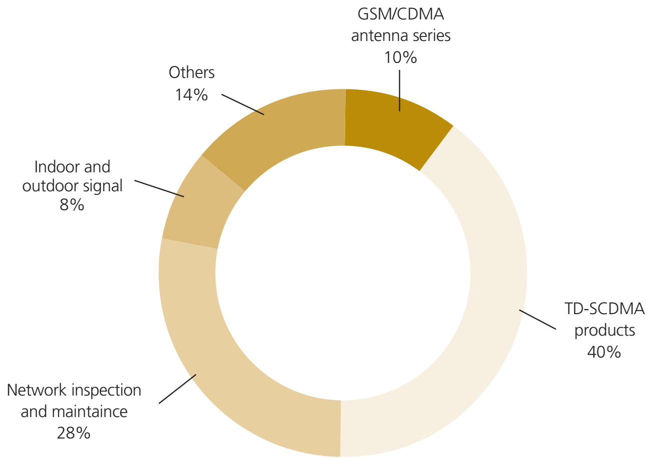
Composite of sales by product line for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010, are provided as follows:

For the year ended 31 December 2011 (by product line)



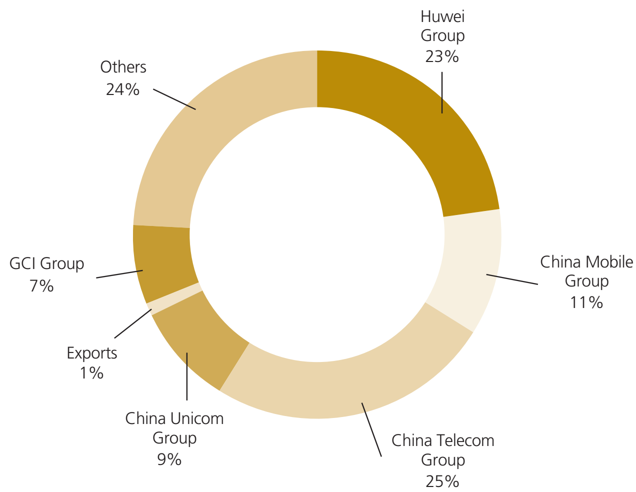
* *for identification purpose only*

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

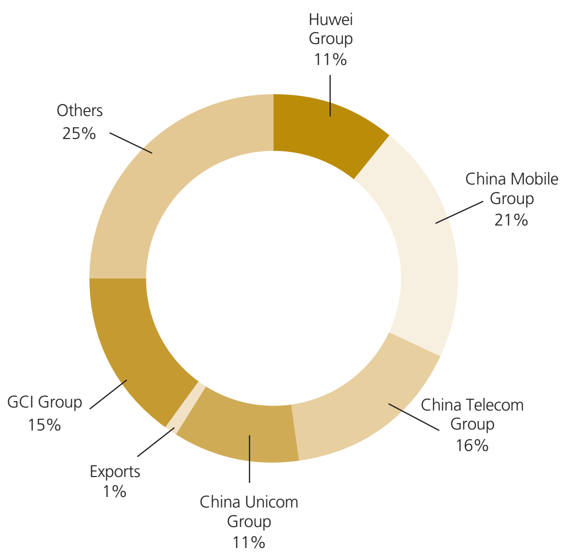


Composite of turnover by major customers for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010, are provided as follows:

For the year ended 31 December 2011 (by major customers)



For the year ended 31 December 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")

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 Profit (Loss)

The Group had a gross profit of RMB4.3 million for the year with gross profit margin of 8.5%, compared to gross loss of RMB4.4 million in 2010. This favourable change was mainly attributable to scale-down of excess production capacity and close-down of non-profitable operations during the year. In turn, the gross profit margin was negatively affected by recognition of net allowance for inventories amounted to RMB4.7 million during the year, compared to RMB1.9 million in 2010, and reduction in product prices for market competition and expansion.

Other Revenue

Further government grants were received for two projects (the "Two Projects") of "TD-LTE base station antenna research and development*" ("TD-LTE基站天綫的研發") and "Efficient energy source integrated antenna*" ("高效節能的有源一體化天綫") under the National Major Project 3 of "New generation of mobile, broadband and wireless communication network*" ("新一代移動寬帶無綫通訊網") and approximately RMB2.3 million was recognised as other revenue during the year, compared to approximately RMB2.5 million in 2010.

Recovery from impaired debts is poor that reversal of impairment loss on trade receivables, other receivables and payment merely accounted for approximately RMB6.0 million in 2011, compared to approximately RMB11.1 million in 2010. Gain on debts restructuring in respect of waiver of trade and other payables amounted to approximately RMB5.1 million was recorded, representing an increase of RMB2.6 million or 95.5% comparing to the year 2010.

Rental income of approximately RMB1.3 million was generated from leasing of excess office premises during the year.

Operating Costs and Expenses

Distribution costs for the year were approximately RMB10.5 million, representing a significant decrease of RMB5.3 million or 33.7% comparing to the year 2010. Such decrease was greater than the percentage decrease in revenue because of huge drop in transportation costs for product sales by RMB2.8 million and cost savings from new strategy of concentration on mainland China market development by more than RMB2.7 million during the year. Under this new marketing strategy, less construction and operating cost for sales representative offices, and overseas agency, exhibition and business fees were incurred for the year. In additions, over RMB0.6 million staff costs were saved under newly adopted performance evaluation and incentive management approach.

Decrease in administrative expenses by approximately RMB14.1 million or 29.6% comparing to the year 2010 reflected the effectiveness of the new cost control strategy over the Group's operations for the current year. During 2011, no debts were written off and no material loss was recorded, which accounted for approximately RMB7.5 million in 2010. Nevertheless, more resources were put into the Two Projects which incurred high research and development expenses for the year, decrease in amortised development costs resulted in net decrease in total expenses by RMB1.2 million. Bank charges incurred for the year was RMB1.2 million less than that for the previous year as bank and other borrowings were kept at low level during the year.

More than RMB80 million interest-bearing bank and other borrowings were repaid in 2011 which was the main reason for RMB3.3 million finance costs incurred during the year, representing merely 41.2% of finance costs in 2010.

Impairment loss on trade receivables amounted to RMB9.0 million was recognised during the year that total impairment was nearly 35.1% of trade receivables as at 31 December 2011, compared to 16.3% as at 31 December 2010. But total impairment of other receivables and prepayments decreased from 34.0% in 2010 to 19.3% in 2011 after recognition of RMB2.8 million during the year. As a result, trade receivables, other receivables and prepayment, net of impairment, provided a better picture on future cash flows.

Impairment loss amounted to RMB4.3 million was provided in respect of buildings to be disposed of under sales and purchases agreement signed during the year to reflect the foreseeable loss on completion after year end.

Operating results of an associate, newly incorporated in the last quarter of 2011, were shared by the Group in according to equity interest held. Since the associate was only at its early stage of business, loss of close to RMB0.2 million was shared.

Loss for the year

Consequently, loss attributable to shareholders of approximately RMB42.5 million was reported by the Group for the year which represented an improvement in operating results by 47.1% comparing to RMB80.4 million in the year 2010.

PROSPECTS

The gross profit margin of 2G and 2.5G products will fall sharply in 2012, due to ongoing lower price of the concentrated tendering procurement by mobile communication operators in the PRC, and the introduction of tighter product manufacturing standards and incoming quality inspection standards. Therefore, the Group will cease our own production of such products, and resort to the engagement of third party contractors.

Leveraging on its technical strengthen which was accumulated throughout previous years, the Group will continue to improve its performance by making ongoing investment on landscaping antenna, electric tilt antenna products with higher gross profit margin, as well as network optimisation and network inspection and maintenance. On the other hand, we will seek to achieve significant growth of results by concentrating our resources on the research and manufacturing of 3G follow-up evolution products and 4G products with high rate of return, upon the issuance of 4G licenses by the PRC government. Furthermore, the Group will also seek for new sources of profits through the achievement of business diversification by dedicating great efforts to research and develop new mobile communication related services.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year, the Group was mainly financed by cash from banking facilities and borrowings. As at 31 December 2011, the Group had other loans of approximately RMB23 million of which all were repayable within one year. These borrowings were mainly used for the Group's daily operations.

During the year, all of the Group's interest-bearing borrowings borne interest rates ranging from 5.3% to 10%. Since all the borrowings were denominated in RMB, the Directors consider that exposure to foreign exchange risk was minimal.

The Group's gearing ratio is calculated based on total interest bearing borrowings and total shareholders' funds. As at 31 December 2011, gearing ratio was not applicable to the Group because there was no interest bearing borrowings (2010: 184.3%). Cash and cash equivalents decreased from approximately RMB30.3 million to RMB2.1 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 2011, 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 2011, the Group pledged bank deposits of approximately RMB3.8 million for banking facilities.

CONTINGENT LIABILITIES

As at 31 December 2011, 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 2011, the Group had approximately 329 full-time employees. Total staff costs for the year 2011 amounted to approximately RMB19.8 million (2010: RMB26.2 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 and acquisition of 13.77% equity interests in a PRC private limited company as an associate, the Group did not hold any significant investment for the year ended 31 December 2011.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2011, 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, and capital investment in an associate amounted to approximately RMB2.6 million (2010: RMB3.1 million) and approximately RMB1.8 million (2010: nil) respectively.

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 other material acquisitions and disposals of subsidiaries, associates and affiliated companies during the year ended 31 December 2011.

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 2011.

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 2011.

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 indicate that the Group had net current liabilities of RMB75,144,059 as at 31 December 2011 and incurred loss of RMB42,478,833 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."

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

Xi'an, the PRC, 28 March 2012

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 posting and be posted on the website of the Company at http://www.xaht.com.

* *for identification purposes only*