



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 with limited liability)

(Stock Code: 8227)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**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.

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

HIGHLIGHTS

- The Group's unaudited revenue for the nine months ended 30 September 2013 was RMB19.8 million, representing a decrease of 4.9% when compared with that of the corresponding period in the year 2012.
- The Group's unaudited loss for the nine months ended 30 September 2013 was RMB4.8 million, and the Group recorded a loss of RMB1.7 million for the corresponding period in the year 2012.
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2013 (2012: nil).

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

The board of Directors of the Company (the "Board") hereby submits the unaudited operating results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2013, together with the unaudited comparative figures for the corresponding period in the year 2012 as follows:

Consolidated Statement of Comprehensive Income

	<i>Notes</i>	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
		2013 <i>RMB'000</i>	2012 <i>RMB'000</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue	3	10,997	7,808	19,809	20,834
Cost of sales		<u>(6,536)</u>	<u>(6,037)</u>	<u>(13,320)</u>	<u>(15,561)</u>
Gross profit		4,461	1,771	6,489	5,273
Other revenue		1,418	539	1,796	5,313
Distribution costs		(975)	(645)	(1,813)	(1,888)
Administrative expenses		(3,327)	(2,449)	(7,862)	(9,559)
Share of result of an associate		(369)	(216)	(2,301)	(805)
Finance costs		<u>(395)</u>	<u>(9)</u>	<u>(1,137)</u>	<u>(18)</u>
Profit (loss) before tax		813	(1,009)	(4,828)	(1,684)
Income tax expense	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit (loss) and total comprehensive expense for the period		<u>813</u>	<u>(1,009)</u>	<u>(4,828)</u>	<u>(1,684)</u>
Earnings (loss) per share – Basic and diluted (in RMB cents)	6	<u>0.1</u>	<u>(0.2)</u>	<u>(0.7)</u>	<u>(0.3)</u>

Notes to the Consolidated Financial Results

For the nine months ended 30 September 2013

1. BASIS OF PREPARATION

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 Group is principally engaged in research and development, manufacture and sale of base station antennas and related products.

This unaudited consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The Group's books and records are maintained in Renminbi ("RMB"), which is also the functional currency of the Company.

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 2012.

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)		(Unaudited)	
	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of antennas and related products	9,998	2,262	12,305	5,863
Service income	999	5,546	7,504	14,971
	10,997	7,808	19,809	20,834

Revenue breakdown by geographical location:

	(Unaudited)		(Unaudited)	
	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
PRC	1,415	7,762	10,227	20,076
Others	9,582	46	9,582	758
	10,997	7,808	19,809	20,834

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.

5. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2013 (2012: nil).

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to the owners of the Company is based on the unaudited profit for the three months and loss for the nine months ended 30 September 2013 attributable to owners of the Company of RMB813,000 and RMB4,828,000 respectively (2012: loss of RMB1,009,000 and RMB1,684,000 respectively) and the weighted average number of 647,058,824 (2012: 647,058,824) ordinary shares in issue during the period.

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as calculated above as the Company did not have any potential shares outstanding for the both periods.

7. RESERVES

	(Unaudited) Share capital RMB'000	(Unaudited) Share premium RMB'000	(Unaudited) Statutory surplus reserve RMB'000	(Unaudited) Other reserve RMB'000	(Unaudited) Accumulated losses RMB'000	(Unaudited) Total RMB'000
At 1 January 2012	64,706	71,229	16,153	3,939	(152,966)	3,061
Loss and total comprehensive expense for the period	-	-	-	-	(1,684)	(1,684)
Contribution from shareholders	-	-	-	11,917	-	11,917
At 30 September 2012	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>15,856</u>	<u>(154,650)</u>	<u>13,294</u>
At 1 January 2013	64,706	71,229	16,153	15,856	(140,562)	27,382
Loss and total comprehensive expense for the period	-	-	-	-	(4,828)	(4,828)
At 30 September 2013	<u>64,706</u>	<u>71,229</u>	<u>16,153</u>	<u>15,856</u>	<u>(145,390)</u>	<u>22,554</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

Unaudited revenue of approximately RMB19.8 million was recorded for the nine months ended 30 September 2013 (the “Review Period”), representing more than 95% of unaudited revenue for the corresponding period in 2012. It was mainly attributable to the decline in both sales of antennas and related products and service income in local market compensated by the overseas sales of 4G smart antenna control module during the Review Period.

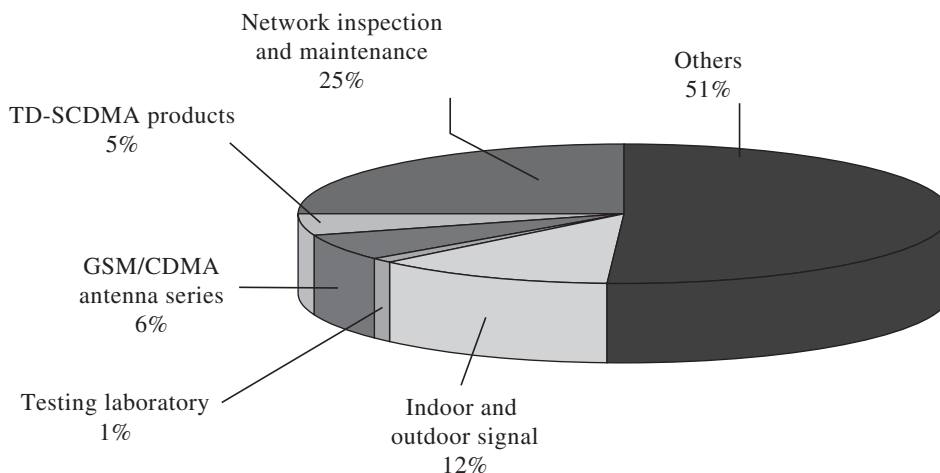
Due to prolonged price competition in antennas and related products and services, both income from indoor and outdoor signal services and products testing laboratory service were decreased from approximately 31% and 6% of revenue respectively for the corresponding period in 2012 to approximately 12% and 1% respectively for the Review Period. Remained high market demand for network optimisation and inspection services was accounted for approximately 25% of revenue for the Reviewed Period generated from network inspection and maintenance services, compared to approximately 35% in 2012.

Sales from the traditional GSM/CDMA antenna series and TD-SCDMA products were merely 11% of revenue for the Review Period. In turn, overseas sales for 4G smart antenna control module contributed over 48% of revenue for the Reviewed Period as a result of the effort and achievement on the newly developed 4G products.

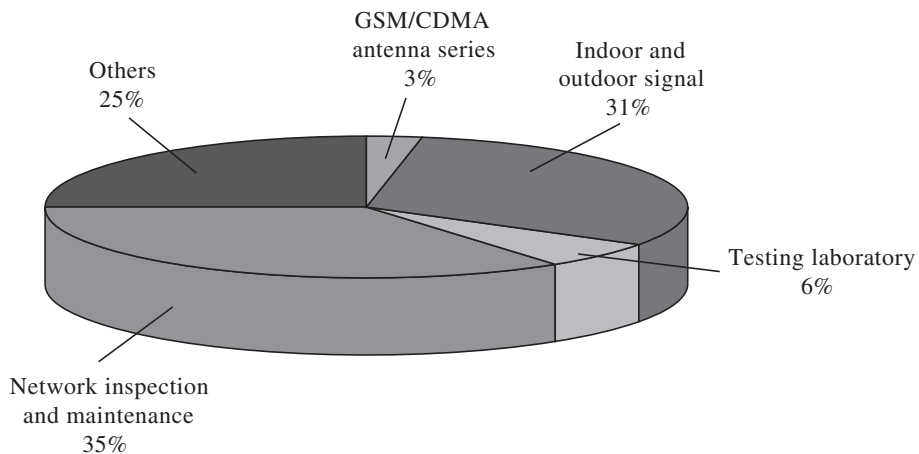
The Group’s customer base was further diversified to local agents and international suppliers for telecommunication facilities during the Review Period and around 22% of revenue was generated from the three major telecommunication operators for the Review Period, compared to approximately 51% for the corresponding period in 2012.

Composite of revenue by product line for the nine months ended 30 September 2013, together with the comparative figures for the corresponding period in the year 2012, are provided as follows:

For the nine months ended 30 September 2013 (by product line)

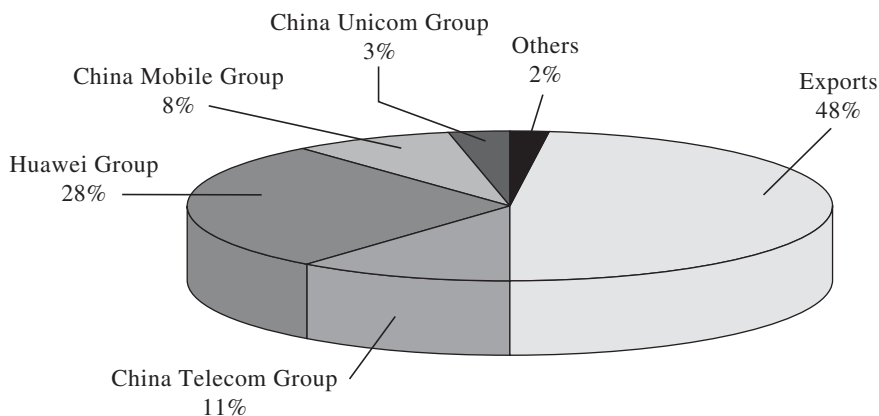


For the nine months ended 30 September 2012 (by product line)

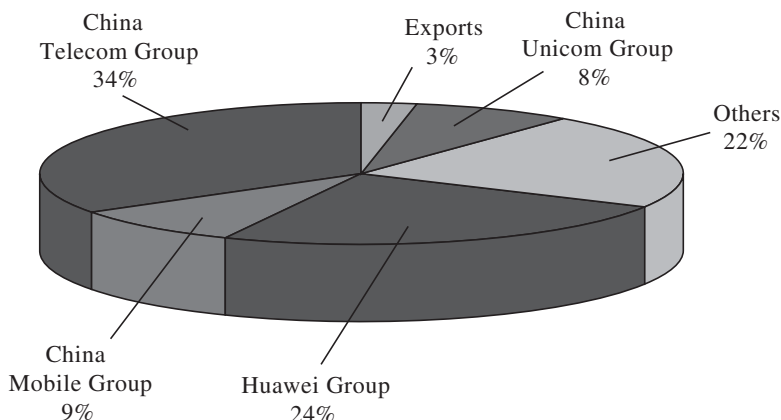


Composite of revenue by major customers for the nine months ended 30 September 2013, together with the comparative figures for the corresponding period in the year 2012, are provided as follows:

For the nine months ended 30 September 2013 (by major customers)



For the nine months ended 30 September 2012 (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

Unaudited gross profit margin for the Review Period was approximately 32.8% which increased from approximately 25.3% of the same period in 2012. Apart from the benefit of scale-down of excess production capacity and close-down of non-profitable operations, higher profitability of 3G follow-up evolution products improved profit margin.

Other Revenue

Approximately RMB0.5 million and approximately RMB0.4 million respectively were recognised as gain on debts restructuring in respect of waiver of trade and other payables and sales of raw materials during the Review Period. Government grants received and amortised were amounted to RMB0.7 million for the Review Period.

Operating Costs and Expenses

There was no significant fluctuation in distribution costs for the Review Period when comparing to the corresponding period in 2012 as the activity level was more or less the same for both periods. Distribution costs were accounted for approximately 9% of revenue recognised for both Review Period and corresponding period in 2012 due to positive effect of the performance evaluation and incentive management approach.

Further achievement in cost control strategy over the Group’s operations, administrative expenses decreased from RMB9.6 million in the corresponding period in 2012 to RMB7.9 million in the Review Period, representing a decrease of approximately 17.8%. Most of cost saving was attributable to reduction in staff costs and related expenses.

Approximately RMB0.9 million of finance costs were incurred for the short term bank borrowings of RMB20 million during the Reviewed Period, but no such expenses in the corresponding period in 2012.

Share of loss of an associate amounted to RMB2.3 million in accordance with 15.38% equity interest held by the Group was accounted for during the Review Period as it was still at the early stage of business.

Loss for the period

Nevertheless reduction in operating costs and expenses and improvement in gross profit margin during the Review Period, an unaudited loss of RMB4.8 million was reported due to exiting production capacity was not fully utilised.

PROSPECTS

To cope with the overall sluggishness in mobile communications antenna industry, for 2013, in addition to our ongoing usual reinforcement in the business of communication-related services including TD-LTE antenna products, network optimisation, network inspection and maintenance, the Group has begun the acquisition of related technologies and implementing market expansion in such areas like mobile communication system module trial and testing. The Group will continue to improve its performance by making ongoing investment on the research and manufacturing of 3G follow-up evolution products and 4G products and also seek for new sources of profits through the achievement of business diversification by dedicating great efforts.

DIRECTORS', SUPERVISORY COMMITTEE MEMBERS' (THE "SUPERVISORS") AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 September 2013, 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 ("Domestic Shares")

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
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%

Long positions in H shares of the Company (the “H Share”)

Name of Director	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
Mr. Zhang Jun (張鈞先生)	Personal	Beneficial owner	400,000	0.25%	0.06%

Notes:

1. The Domestic Shares were held by 西安天安投資有限公司 (Xi'an Tian An Investment Co., Ltd.*) (“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, Mr. Xiao Bing 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 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 30 September 2013 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 OF THE COMPANY

As at 30 September 2013, 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 30 September 2013, 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 <i>(Note 1)</i>	37.09%	27.82%
Professor Xiao Liangyong (肖良勇教授)	Personal	Parties acting in concert	180,000,000 <i>(Note 1)</i>	37.09%	27.82%
Ms. Yao Wenli (姚文俐女士)	Personal	Held by controlled corporation	180,000,000 <i>(Note 1)</i>	37.09%	27.82%
西安開元投資集團股份有限公司 (Xi'an Kaiyuan Investment Group Co., Ltd.*)	Corporate	Beneficial owner	100,000,000	20.61%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706 <i>(Note 2)</i>	15.47%	11.60%
Ms. Yi Li (易麗女士)	Personal	Held by controlled corporation	75,064,706 <i>(Note 2)</i>	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
長安國際信託股份有限公司 (Chang'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. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, each of Professor Xiao Liangyong and 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 Chang'an International Trust Co., Ltd. ("CITC"). 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 CITC, were deemed to be interested in the same 70,151,471 Domestic Shares held by CITC.

(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.

Save as disclosed above, as at 30 September 2013, 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 30 September 2013, the Audit Committee comprised of Mr. Chen Ji and Mr. Zhang Jun, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. The Group’s unaudited consolidated results for the nine months ended 30 September 2013 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 nine months ended 30 September 2013, the Company has complied with the requirements of the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2013, 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 in 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 nine months ended 30 September 2013.

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

Xi'an, the PRC, 8 November 2013

As at the date of this announcement, the Board comprises, Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閔鋒先生) and Mr. Xie Yiqun (解益群先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Mr. Chen Ji (陳繼先生) and Mr. Qiang Wenyu (強文郁先生) being independent non-executive Directors.

This announcement will remain on the "Latest Company Announcement" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.xaht.com>.

* For identification purposes only