



西安海天天纜科技股份有限公司  
**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)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 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

## 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 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	<i>NOTES</i>	<b>2013</b> <b>RMB</b>	2012 <i>RMB</i>
Revenue	3	<b>25,189,899</b>	46,569,471
Cost of sales		<b>(21,001,320)</b>	(36,494,316)
Gross profit		<b>4,188,579</b>	10,075,155
Other revenue	4	<b>11,379,753</b>	25,425,620
Gain on disposal of assets classified as held for sale		–	2,263,963
Gain on disposal of partial interest in an associate	10	<b>5,135,783</b>	–
Distribution costs		<b>(1,563,169)</b>	(2,520,968)
Administrative expenses		<b>(13,669,180)</b>	(13,454,926)
Impairment loss recognised in respect of trade receivables		<b>(5,306,232)</b>	(9,438,553)
Impairment loss recognised in respect of other receivables and prepayments		<b>(2,624,957)</b>	(795,307)
Impairment loss recognised in respect of intangible assets		<b>(2,864,120)</b>	–
Share of result of an associate	10	<b>(5,791,249)</b>	(1,666,811)
Finance costs	5	<b>(1,352,917)</b>	(199,333)
(Loss) profit before tax		<b>(12,467,709)</b>	9,688,840
Income tax (expense) credit	6	<b>(2,726,801)</b>	2,715,121
(Loss) profit and total comprehensive (expense) income for the year	7	<b>(15,194,510)</b>	12,403,961
(Loss) earnings per share			
– Basic and diluted	9	<b>(2.35 cents)</b>	1.92 cents

# Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 RMB	2012 RMB
<b>Non-current assets</b>			
Property, plant and equipment		112,923	63,473,339
Intangible assets		–	5,045,820
Interest in an associate	10	–	8,664,357
Available-for-sale investment	11	1,293,580	–
Pledged bank deposits		90,429	90,429
Deferred tax assets		–	2,715,121
		<b>1,496,932</b>	<b>79,989,066</b>
<b>Current assets</b>			
Inventories		38,405,278	25,875,803
Trade receivables	12	37,947,885	42,632,663
Other receivables and prepayments		5,469,408	7,649,970
Amount due from a director		1,113,273	769,071
Tax recoverable		677,390	677,390
Pledged bank deposits		25,000,000	400,000
Bank balances and cash		1,456,586	4,846,130
		<b>110,069,820</b>	<b>82,851,027</b>
Asset classified as held for sale		60,441,693	–
		<b>170,511,513</b>	<b>82,851,027</b>
<b>Current liabilities</b>			
Trade payables	13	42,435,228	22,917,679
Other payables and accrued charges		21,322,749	19,320,897
Dividend payables		–	675,971
Amount due to a director		5,771,564	1,975,648
Amounts due to related parties	14	43,061,580	41,668,657
Amount due to an associate		–	26,981,197
Bank and other borrowings	15	44,178,990	16,940,000
		<b>156,770,111</b>	<b>130,480,049</b>
<b>Net current assets (liabilities)</b>		<b>13,741,402</b>	<b>(47,629,022)</b>
<b>Total assets less current liabilities</b>		<b>15,238,334</b>	<b>32,360,044</b>
<b>Non-current liability</b>			
Deferred income		3,050,400	4,977,600
<b>Net assets</b>		<b>12,187,934</b>	<b>27,382,444</b>
<b>Capital and reserves</b>			
Share capital		64,705,882	64,705,882
Reserves		(52,517,948)	(37,323,438)
<b>Equity attributable to owners of the Company and total equity</b>		<b>12,187,934</b>	<b>27,382,444</b>

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company					Total <i>RMB</i>
	Share capital <i>RMB</i>	Share premium <i>RMB</i>	Statutory surplus reserve <i>RMB</i>	Other reserve <i>RMB</i>	Accumulated losses <i>RMB</i>	
At 1 January 2012	64,705,882	71,228,946	16,153,228	3,938,899	(152,965,852)	3,061,103
Profit and total comprehensive income for the year	-	-	-	-	12,403,961	12,403,961
Contribution from shareholders	-	-	-	11,917,380	-	11,917,380
At 31 December 2012	64,705,882	71,228,946	16,153,228	15,856,279	(140,561,891)	27,382,444
Loss and total comprehensive expense for the year	-	-	-	-	(15,194,510)	(15,194,510)
<b>At 31 December 2013</b>	<b>64,705,882</b>	<b>71,228,946</b>	<b>16,153,228</b>	<b>15,856,279</b>	<b>(155,756,401)</b>	<b>12,187,934</b>

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

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

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle issue in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)*–Int 20	Stripping Costs in the Production Phase of a Surface Mine

\* IFRIC represents the International Financial Reporting Interpretation Committee.

#### New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>4</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKAS 19	Defined Benefit Plans - Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC)–Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>3</sup> HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, early application of HKFRS 9 is permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

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

	<b>2013</b>	2012
	<b>RMB</b>	RMB
Sales of antennas and related products	<b>16,721,578</b>	26,511,850
Service income	<b>8,468,321</b>	20,057,621
	<b>25,189,899</b>	46,569,471

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		Non-current assets	
	external customers		Non-current assets	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>RMB</b>	RMB	<b>RMB</b>	RMB
PRC (country of domicile)	<b>12,502,015</b>	45,772,023	<b>112,923</b>	68,519,159
Asia excluding PRC	<b>12,687,884</b>	520,678	–	–
Others	–	276,770	–	–
	<b>25,189,899</b>	46,569,471	<b>112,923</b>	68,519,159

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

All non-current assets are allocated to operating segments other than interest in an associate, available-for-sale investment, deferred tax assets and non-current pledged bank deposits.

#### 4. OTHER REVENUE

	2013	2012
	<i>RMB</i>	<i>RMB</i>
Government grants	<b>370,300</b>	340,000
Government grants amortised	<b>1,927,200</b>	1,927,200
Gain on disposal of intellectual property rights recognised as expenses in previous years	–	6,278,804
Impairment loss reversed in respect of trade receivables	<b>4,111,336</b>	6,435,413
Impairment loss reversed in respect of other receivables and prepayments	<b>1,609,224</b>	1,297,154
Waiver of trade payables	<b>3,209,118</b>	6,127,151
Waiver of other payables	<b>136,732</b>	566,268
Interest income	<b>15,843</b>	25,180
Gain on sales of raw materials	–	21,117
Rental income	–	806,533
Bad debts recovery	–	1,454,106
Others	–	146,694
	<b>11,379,753</b>	25,425,620

#### 5. FINANCE COSTS

	2013	2012
	<i>RMB</i>	<i>RMB</i>
Interests on bank borrowings wholly repayable within five years	<b>1,352,917</b>	199,333

#### 6. INCOME TAX EXPENSE (CREDIT)

	2013	2012
	<i>RMB</i>	<i>RMB</i>
Under-provision in prior years for PRC Enterprise Income Tax	<b>11,680</b>	–
Deferred taxation	<b>2,715,121</b>	(2,715,121)
	<b>2,726,801</b>	(2,715,121)

No provision for Hong Kong Profits Tax has been made as the Group did not generate assessable profit during the years ended 31 December 2013 and 2012.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during both years.

## 7. (LOSS) PROFIT FOR THE YEAR

	2013	2012
	<i>RMB</i>	<i>RMB</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	<b>1,708,741</b>	2,628,164
Amortisation of intangible assets (included in administrative expenses)	<b>2,181,700</b>	3,181,750
Total depreciation and amortisation	<b>3,890,441</b>	5,809,914
Auditor's remuneration		
– audit services	<b>440,000</b>	440,000
– other services	<b>157,000</b>	25,600
Cost of inventories recognised as an expense	<b>12,371,544</b>	25,333,670
Staff costs		
– Directors' and supervisors' remuneration	<b>470,408</b>	678,130
– Salaries, wages and other benefits	<b>3,594,540</b>	4,557,052
– Severance payment for staff laid-off	–	940,437
– Retirement benefit scheme contributions (excluding directors and supervisors)	<b>472,748</b>	746,012
Total staff costs	<b>4,537,696</b>	6,921,631
Loss on disposal and written-off of property, plant and equipment	<b>1,297,116</b>	252,724
Allowance for inventories (included in cost of sales)	<b>9,564,195</b>	897,930
Reversal of allowance for inventories (included in cost of sales)	<b>(8,660,871)</b>	(2,423,217)
Exchange loss, net	<b>113,461</b>	–
Minimum lease payments under operating leases	<b>180,576</b>	–
Research and development costs recognised as an expense	<b>2,586,956</b>	3,013,174

## 8. DIVIDENDS

No dividend was paid or proposed during 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

## 9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the owners of the Company is based on the loss for the year attributable to owners of the Company of RMB15,194,510 (2012: profit for the year of RMB12,403,961) and the weighted average number of 647,058,824 (2012: 647,058,824) ordinary shares in issue during the year.

The diluted (loss) earnings per share is equal to the basic (loss) earnings per share as calculated above as the Company did not have any potential shares outstanding for the two years ended 31 December 2013.



## 10. INTEREST IN AN ASSOCIATE

The summarised financial information in respect of the Group's associate as at 31 December 2012 and up to the date of disposal on 31 December 2013 is set out below. The summarised financial information below represents amounts in the associate's financial statements prepared in accordance with HKFRSs.

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Current assets	<b>65,103,639</b>	58,243,913
Non-current assets	<b>22,724,106</b>	35,822,989
Current liabilities	<b>(59,497,089)</b>	(28,093,127)
Revenue	<b>64,328,117</b>	28,380,256
Loss and total comprehensive expenses for the year	<b>(37,643,118)</b>	(10,834,268)
	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
The Group's share of loss of the associate for the year	<b>(5,791,249)</b>	1,666,811

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statement:

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Net asset of the associate	<b>28,330,656</b>	65,973,775
Proportion of the Group's ownership interest in the associate	<b>15.38%</b>	15.38%
Net asset of the associate shared by the Group	<b>4,358,562</b>	10,149,812
Partial disposal of interest in an associate	<b>(4,358,562)</b>	–
Unrealised profit	–	(1,485,455)
Carrying amount of the Group's interest in the associate	–	8,664,357

As at 31 December 2013 and 2012, the Group had interest in the following investee:

Name	Form of business structure	Place of incorporation and operations	Particulars of issued/paid-up capital	Percentage of effective equity interest attributable to the Group	Principal activities
Xi'an Sunnada Haitian Antenna Co., Ltd. ("Xi'an Sunnada")	Limited liability company	the PRC	Paid-up capital	2013: 5.64% (2012: 15.38%)	Manufacturing and sales of base station antennas and related products

As at 31 December 2012 and before disposal, the Group is able to exercise significant influence over Xi'an Sunnada because it has power to appoint one out of the three directors of that company under the agreement with other shareholders of Xi'an Sunnada. On 31 December 2013, the Company had transferred 9.74% equity interest in Xi'an Sunnada, thus equity accounting has been discontinued from 31 December 2013. Accordingly, Xi'an Sunnada is classified as an available-for-sale investment.

The resulted gain recognised in profit or loss is as follow:

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Consideration	<b>6,715,311</b>	–
Fair value of the retained interest	<b>1,293,580</b>	–
Carrying amount of the 15.38% investment on the date of loss of significant influence	<b>(2,873,108)</b>	–
Gain on disposal of partial interest in the associate	<b>5,135,783</b>	–

#### 11. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Unlisted investment in equity security	<b>1,293,580</b>	–

#### 12. TRADE RECEIVABLES

The following is an aged analysis of trade receivables net of impairment loss recognised presented based on the invoice date or goods delivery dates, which approximate the respective revenue recognition dates, at the end of the reporting period.

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Within 60 days	<b>15,363,815</b>	23,105,427
61 to 120 days	<b>2,375,137</b>	4,208,408
121 to 180 days	<b>563,195</b>	875,457
181 to 365 days	<b>951,737</b>	358,356
Over 365 days	<b>18,694,001</b>	14,085,015
	<b>37,947,885</b>	42,632,663

The Group allows a credit period ranging from 5 days to 240 days (2012: 90 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.

### 13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice dates or goods delivery dates at the end of the reporting period.

	<b>2013</b>	2012
	<b>RMB</b>	<i>RMB</i>
Within 60 days	<b>24,521,131</b>	846,072
61 to 120 days	<b>388,126</b>	135,127
121 to 365 days	<b>5,051,186</b>	998,192
Over 365 days	<b>12,474,785</b>	20,938,288
	<b>42,435,228</b>	22,917,679

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.

### 14. AMOUNTS DUE TO RELATED PARTIES

<b>Name of related parties</b>	<b>Relationship</b>	<b>2013</b>	2012
		<b>RMB</b>	<i>RMB</i>
Due to:			
西安海天投資控股有限 責任公司(「海天投資」)	Common director and shareholder	<b>41,510,656</b>	41,668,657
Professor Xiao Liangyong	Close family member of the executive director of the Company	<b>1,550,924</b>	–
		<b>43,061,580</b>	41,668,657

### 15. BANK AND OTHER BORROWINGS

	<b>2013</b>	2012	
	<b>RMB</b>	<i>RMB</i>	
Bank borrowings			
– Secured	<b>24,166,870</b>	–	
– Unsecured	<b>20,000,000</b>	10,000,000	
Other borrowings	<b>12,120</b>	6,940,000	
	<b>44,178,990</b>	16,940,000	
Carrying amount repayable:			
On demand or within one year	<b>44,178,990</b>	16,940,000	
Less: Amounts due that are repayable on demand			
due to breach of loan covenants	<b>(20,000,000)</b>	(10,000,000)	
Amounts due within one year shown under current liabilities	<b>(24,178,990)</b>	(6,940,000)	
Amounts shown under non-current liabilities	–	–	

**16. EVENT AFTER THE REPORTING PERIOD**

On 10 January 2014, the Company and 海天投資 entered into a disposal agreement for the disposal of the building at a total consideration of RMB68,000,000. The disposal transaction constitutes a major transaction for the Company and approval from the shareholders of the Company has been granted on the extraordinary general meeting of the Company held on 11 March 2014. The disposal was not completed as of the date of approval of these consolidated financial statements.

# Management Discussion and Analysis

## BUSINESS REVIEW

### Revenue

Revenue recorded for the year ended 31 December 2013 was approximately RMB25.2 million, representing a significant decrease of approximately 45.9% from the year of 2012. Under prolonged market competition in existing product line of antennas and services for telecommunication industry throughout the year, both volume of sales and services were dropped together with reduction in price level. Although a new product line of radio-frequency module was introduced in the second half of 2013, it was merely accounted for approximately 3% of revenue for the year.

Nearly two-third of revenue was generated from sales of antenna and related products for the year whereas approximately 57% in 2012. Approximately 47% of revenue was come from sales of smart antenna for the year as a result of concentration in high-end products, but no such revenue was recognised in 2012.

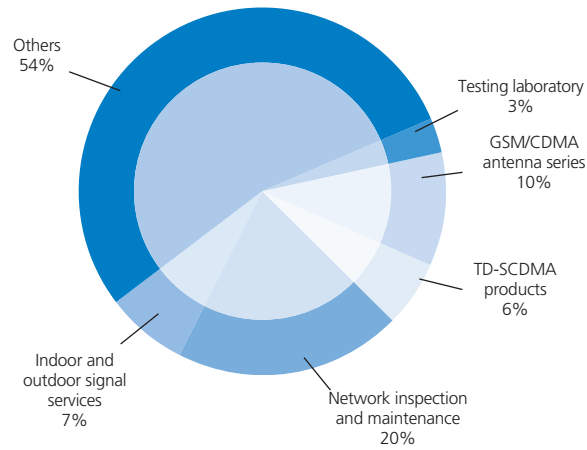
Revenue from GSM/CDMA antenna series products for the year was decreased from approximately RMB16.9 million in 2012 to approximately RMB2.6 million in 2013 due to termination of manufacture of 2G and 2.5G products for the whole year. Sales of TD-SCDMA products remained stable and were slightly decreased from approximately RMB2.5 million in 2012 to approximately RMB1.6 million in 2013 as more favourable price was given to customers.

Service income was mainly come from network inspection and maintenance services, indoor and outdoor signal services, and testing laboratory services. Facing to continuing intensive price competition, nevertheless sustained high demand for network improvement, overall service income was dropped by approximately RMB11.6 million for the year ended 31 December 2013 under low pricing strategy, representing a decrease of approximately 57.8% from last year. Revenue from network inspection and maintenance services and indoor and outdoor signal services contributed approximately 20% and 7% respectively to the revenue for the year, compared to approximately 21% and 17% respectively in 2012.

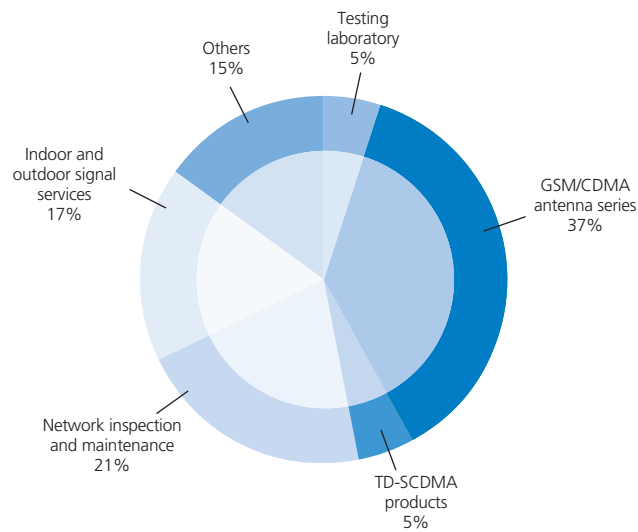
Merely 18% of revenue was generated from the three major telecommunication operators, compared to approximately 73% in 2012 under the policy of diversification of customer base to local agents and international suppliers for telecommunication facilities. More effort was devoted to the markets of smart antenna and radio-frequency module for market diversification during the year.

Composite of revenue by product line for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012, are provided as follows:

**For the year ended 31 December 2013 (by product line)**

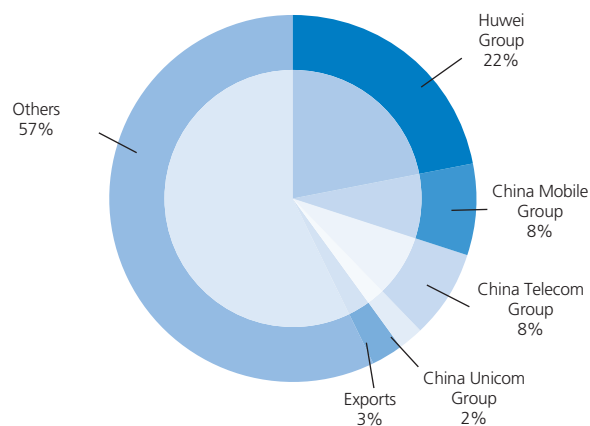


**For the year ended 31 December 2012 (by product line)**

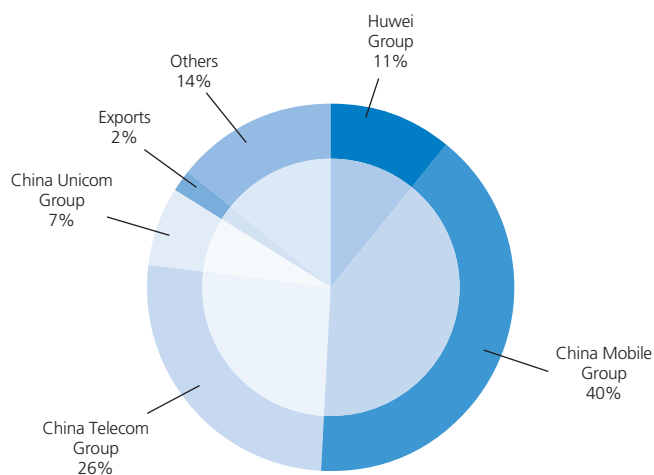


Composite of revenue by major customers for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012, are provided as follows:

**For the year ended 31 December 2013 (by major customers)**



**For the year ended 31 December 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")

**Gross Profit**

Gross profit of approximately RMB4.2 million was recorded for the year with gross profit margin of 16.6%, representing a decrease of approximately 23.1% as comparing to gross profit margin of 21.6% in 2012. This unfavourable change was attributable to not only the reduction in price level in sales of antenna and related products and service income, but also the recognition of net allowance for inventories amounted to RMB0.9 million during the year, compared to reversal of the recognition of net allowance of RMB1.5 million in 2012.

### **Other Revenue**

Other revenue recognised for the year ended 31 December 2013 was approximately RMB11.4 million, representing approximately 44.8% of other revenue in 2012. No revenue was recognised during the year in respect of gain on disposal of intellectual property rights, rental income and bad debts recovery, compared to approximately RMB6.3 million, RMB0.8 million and RMB1.5 million respectively in 2012. Impairment loss on trade receivables, other receivables and prepayments amounted to approximately RMB5.7 million, compared to approximately 7.7 million in 2012, was reversed for the year as a result of recovery from impaired debts. Gain on debts restructuring in respect of waiver of trade and other payables was accounted for approximately RMB3.3 million for the year, compared to approximately RMB6.7 million in 2012, which further reduced the Group's controversial business obligations and liabilities.

### **Operating Costs and Expenses**

Distribution costs for the year were approximately RMB1.6 million, representing a decrease of approximately RMB1.0 million or 38.0% comparing to the year 2012, due to significant decrease in volume of sales and services. Staff costs were reduced by more than RMB0.4 million under performance evaluation and incentive management approach throughout the year together with the decrease in sales force.

The cost control strategy on operations was still effective that total administrative expenses were remained nearly unchanged, representing an increase by approximately RMB0.2 million or 2.0% comparing to the year 2012. Staff cost of approximately RMB1.0 million and research and development costs of approximately RMB0.4 million were saved for the year. In turn, approximately RMB1.2 million as commission for debts collection, approximately RMB1.3 million as costs and penalties of litigation and approximately RMB1.3 million as fixed assets written off were incurred during the year.

Approximately RMB1.4 million of finance costs were recognised during the year as approximately RMB44.2 million interest-bearing bank borrowings were raised during the year for the operations, comparing to RMB0.2 million in 2012.

Impairment loss on trade receivables amounted to approximately RMB5.3 million was recognised during the year that total impairment was more than 41.6% of total trade receivables as at 31 December 2013, which was greater than last year as compared to approximately 37.7% as at 31 December 2012. In additions, accumulated impairment of other receivables and prepayments increased from approximately 31.4% in 2012 to approximately 45.2% in 2013 after further recognition of RMB2.6 million during the year although total other receivables and prepayments were decreased from approximately RMB11.2 million at 31 December 2012 to approximately RMB10.0 million at 31 December 2013.

Because of termination of certain product lines of low profit margin, capitalised development costs under intangible assets of approximately RMB2.9 million were regarded as impairment loss for the year.

Further operating loss attributable to an associate of approximately RMB5.8 million was recognised during the year in according to equity interest held. Following disposal of 9.74% out of 15.38% equity interest in the associate, gain of approximately RMB5.1 million was recognised for the remaining equity interest on fair value basis.

Deferred tax asset of approximately RMB2.7 million was derecognised for the year in respect of unused tax losses due to the unpredictability of future profit streams.

### **Loss for the year**

Consequently, loss attributable to shareholders of approximately RMB15.2 million was reported by the Group for the year which represented a turnaround from profit of approximately RMB12.4 million in the year 2012.



## **PROSPECTS**

The Ministry of Industry and Information Technology of the PRC has officially distributed China's 4G licenses at the end of 2013. The three giant telecommunication operators of the PRC namely, China Mobile, China Telecom and China Unicom, have all been awarded with the first batch of 4G licenses. While market demand has picked up, price competition in the 4G antenna market has also evolved into a phase of more fiercely intense market competition with substantial fall in product profitability.

To cope with these circumstances, the Group will reduce subsequent expenditure in 4G antenna market, and turn to place more emphasis on communications-related services including network optimisation and network inspection and maintenance, and focus on accumulation of technology and market development in the area of mobile communication system module and related testing and tuning/adjusting businesses. The Group will strive to realise strategic product transformation in 2014, expand the scope of development of the Group, and thereby enhance the operating performance of the Group.

## **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 2013, the Group had bank borrowings of approximately RMB44.2 million and other borrowings advanced by the related parties of the Group of approximately RMB43.1 million of which all were repayable on demand or within one year. These borrowings were mainly used for the Group's daily operations and to finance the export.

During the year, all of the Group's interest-bearing borrowings borne interest rate ranging from 2.5% to 7.8% per annum. Majority of borrowings were denominated in RMB, those bank borrowings denominated in the United States Dollars are amounted to approximately RMB24.2 million. The Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2013, the Group's gearing ratio was 362.4% (2012: 36.5%), which is calculated based on total interest-bearing borrowings of approximately RMB44.2 million over total shareholders' funds of approximately RMB12.2 million. Cash and cash equivalents decreased approximately from RMB4.8 million to RMB1.5 million. Most of the Group's pledged bank deposits were deposited with banks to secure bank facilities and the quality of the products sold to certain customers 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 2013, 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 2013, the Group pledged bank deposits of approximately RMB25.1 million for bank facilities and the quality of products sold to customers.

## **CONTINGENT LIABILITIES**

As at 31 December 2013, 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 2013, the Group had approximately 56 (2012: 93) full-time employees. Total staff costs for the year 2013 amounted to approximately RMB4.5 million (2012: RMB6.9 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 available-for-sale investment in unlisted equity security, the Group did not hold any significant investment for the year ended 31 December 2013.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

As at 31 December 2013, the Group had no material capital expenditure contracted for but not provided in the financial statements.

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 2013.

## **CORPORATE GOVERNANCE**

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The board of directors (the "Board") of the Company is always committed to maintaining high standards of corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 December 2013.

### **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.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules in April 2003. The Audit Committee is currently chaired by, an independent non-executive Director, Mr. Chen Ji and the other members are Mr. Zhang Jun 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, audit and 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 to the operating risks faced by the Group. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2013.

The terms of reference of the Audit Committee is published on the Company's website.

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

Xi'an, the PRC, 25 March 2014

*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 (閻鋒先生) 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 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