



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2014, together with the comparative figures for the year ended 31 December 2013 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	<i>NOTES</i>	2014 RMB	2013 <i>RMB</i>
Revenue	3	11,028,978	25,189,899
Cost of sales		(10,208,060)	(21,001,320)
Gross profit		820,918	4,188,579
Other revenue	4	6,742,896	11,379,753
Gain on disposal of asset classified as held for sale		7,558,307	–
Gain on disposal of partial interest in an associate		–	5,135,783
Distribution costs		(2,047,505)	(1,563,169)
Administrative expenses		(11,486,478)	(13,669,180)
Impairment loss recognised in respect of available-for-sale investment		(305,080)	–
Impairment loss recognised in respect of trade receivables		(1,383,282)	(5,306,232)
Impairment loss recognised in respect of other receivables and prepayments		(408,048)	(2,624,957)
Impairment loss recognised in respect of intangible assets		–	(2,864,120)
Share of result of an associate		–	(5,791,249)
Finance costs	5	(2,332,219)	(1,352,917)
Loss before tax		(2,840,491)	(12,467,709)
Income tax expense	6	(782,442)	(2,726,801)
Loss and total comprehensive expense for the year	7	(3,622,933)	(15,194,510)
Loss per share			
– Basic and diluted	9	(0.56 cents)	(2.35 cents)

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 RMB	2013 RMB
Non-current assets			
Property, plant and equipment		235,511	112,923
Intangible assets		–	–
Interest in an associate		–	–
Available-for-sale investment	10	988,500	1,293,580
Pledged bank deposits		–	90,429
Deferred tax assets		–	–
		1,224,011	1,496,932
Current assets			
Inventories		2,435,177	38,405,278
Trade receivables	11	95,473,164	37,947,885
Other receivables and prepayments		5,673,501	5,469,408
Amount due from a director		–	1,113,273
Amount due from a related party	12	26,500,669	–
Tax recoverable		–	677,390
Pledged bank deposits		90,429	25,000,000
Bank balances and cash		1,206,601	1,456,586
		131,379,541	110,069,820
Asset classified as held for sale		–	60,441,693
		131,379,541	170,511,513
Current liabilities			
Trade payables	13	76,235,661	42,435,228
Other payables and accrued charges		25,928,657	21,322,749
Tax payables		64,206	–
Amounts due to directors		686,827	5,771,564
Amounts due to related parties	12	–	43,061,580
Bank and other borrowings	14	20,000,000	44,178,990
		122,915,351	156,770,111
Net current assets		8,464,190	13,741,402
Total assets less current liabilities		9,688,201	15,238,334
Non-current liability			
Deferred income		1,123,200	3,050,400
Net assets		8,565,001	12,187,934
Capital and reserves			
Share capital		64,705,882	64,705,882
Reserves		(56,140,881)	(52,517,948)
Equity attributable to owners of the Company and total equity		8,565,001	12,187,934

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	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 2013	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)
At 31 December 2013	64,705,882	71,228,946	16,153,228	15,856,279	(155,756,401)	12,187,934
Loss and total comprehensive expense for the year	–	–	–	–	(3,622,933)	(3,622,933)
At 31 December 2014	64,705,882	71,228,946	16,153,228	15,856,279	(159,379,334)	8,565,001

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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

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:

HKFRS 9 (2014)	Financial Instruments ⁴
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2017.

⁴ Effective for annual periods beginning on or after 1 January 2018.

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:

	2014 RMB	2013 <i>RMB</i>
Sales of antennas and related products	4,706,304	16,721,578
Service income	2,257,731	7,680,692
Subcontracting income	4,064,943	787,629
	11,028,978	25,189,899

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 antennas products and rendering of related services. Accordingly, no reportable segment is presented.

Geographical information

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

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	
	2014 RMB	2013 <i>RMB</i>	2014 RMB	2013 <i>RMB</i>
The PRC (country of domicile)	6,765,390	12,502,015	235,511	112,923
Asia excluding the PRC	4,263,588	12,687,884	–	–
	11,028,978	25,189,899	235,511	112,923

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

	2014 <i>RMB</i>	2013 <i>RMB</i>
Government grants	122,900	370,300
Government grants amortised	2,547,900	1,927,200
Impairment loss reversed in respect of trade receivables	915,664	4,111,336
Impairment loss reversed in respect of other receivables and prepayments	1,204,127	1,609,224
Waiver of trade payables	1,055,668	3,209,118
Waiver of other payables	520,175	136,732
Interest income	290,919	15,843
Others	85,543	–
	6,742,896	11,379,753

5. FINANCE COSTS

	2014 <i>RMB</i>	2013 <i>RMB</i>
Interests on bank and other borrowings wholly repayable within five years	2,332,219	1,352,917

6. INCOME TAX EXPENSE

	2014 <i>RMB</i>	2013 <i>RMB</i>
Current tax:		
Hong Kong profits tax	55,693	–
Under-provision in prior years:		
Hong Kong profits tax	8,513	–
PRC Enterprise Income Tax	718,236	11,680
	726,749	11,680
Deferred taxation	–	2,715,121
	782,442	2,726,801

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2014. No provision for taxation had been made for the year ended 31 December 2013 as there was no assessable profit for that year.

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%.

7. LOSS FOR THE YEAR

	2014 RMB	2013 RMB
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	14,846	1,708,741
Amortisation of intangible assets (included in administrative expenses)	–	2,181,700
Total depreciation and amortisation	14,846	3,890,441
Auditor's remuneration		
– audit services	480,000	440,000
– other services	60,000	157,000
Cost of inventories recognised as an expense	3,852,419	12,371,544
Staff costs		
– Directors' and supervisors' remuneration	388,425	470,408
– Salaries, wages and other benefits	2,156,295	3,594,540
– Retirement benefit scheme contributions (excluding directors and supervisors)	345,172	472,748
Total staff costs	2,889,892	4,537,696
Loss on disposal and written-off of property, plant and equipment	–	1,297,116
Allowance for inventories (included in cost of sales)	3,923,928	9,564,195
Reversal of allowance for inventories (included in cost of sales)	–	(8,660,871)
Exchange loss, net	783,724	113,461
Minimum lease payments under operating leases	762,341	180,576
Research and development costs recognised as an expense	67,972	2,586,956

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of RMB3,622,933 (2013: RMB15,194,510) and the weighted average number of 647,058,824 (2013: 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 2014 and 2013.

10. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2014 <i>RMB</i>	2013 <i>RMB</i>
Unlisted investment in equity security	1,293,580	1,293,580
Less: impairment loss recognised	(305,080)	–
	988,500	1,293,580

The above unlisted equity investment represents investment in unlisted equity security issued by a private entity incorporated in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Subsequently on 17 March 2015, the Company entered into an agreement with an independent third party for the disposal of the available-for-sale investment at a consideration of RMB988,500. Having assessed the recoverable amount of the investment by reference to the sale consideration, impairment loss of RMB305,080 (2013: nil) has been recognised in respect of available-for-sale investment for the year ended 31 December 2014.

11. 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.

	2014 <i>RMB</i>	2013 <i>RMB</i>
Within 60 days	4,208,559	15,363,815
61 to 120 days	439,268	2,375,137
121 to 180 days	46,243,177	563,195
181 to 365 days	31,104,602	951,737
Over 365 days	13,477,558	18,694,001
	95,473,164	37,947,885

Included in the Group's trade receivable balance are trade receivables with aggregate carrying amount of RMB14,230,364 (2013: RMB21,156,731) which are past due as at the reporting date for which the Group has not provided for impairment loss.

12. AMOUNTS DUE FROM (TO) RELATED PARTIES

Name of related parties	Relationship	2014 RMB	2013 RMB
Due from (to):			
海天投資	Common director and shareholder	26,500,669	(41,510,656)
Professor Xiao	Close family member of the executive director of the Company	–	(1,550,924)
		26,500,669	(43,061,580)

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.

	2014 RMB	2013 RMB
Within 60 days	5,471,472	24,521,131
61 to 120 days	–	388,126
121 to 365 days	64,542,335	5,051,186
Over 365 days	6,221,854	12,474,785
	76,235,661	42,435,228

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. BANK AND OTHER BORROWINGS

	2014 RMB	2013 RMB
Bank borrowings		
– Secured	–	24,166,870
– Unsecured	20,000,000	20,000,000
Other borrowing	–	12,120
	20,000,000	44,178,990
Carrying amount repayable:		
On demand or within one year	20,000,000	44,178,990
Less: Amounts due that are repayable on demand due to breach of loan covenants	–	(20,000,000)
Amounts due within one year shown under current liabilities	(20,000,000)	(24,178,990)
Amounts shown under non-current liabilities	–	–

15. EVENT AFTER THE REPORTING PERIOD

On 30 January 2015, 60,000,000 new H Shares and 50,000,000 new H shares were allotted and issued to Great Harmony Ventures Limited and Variant Wealth Limited respectively for cash at the Subscription Price of HK\$0.189 per new H Share under the subscription agreements dated 25 July 2014 (the "Subscription Agreements").

On 6 February 2015, 50,000,000 new H shares were allotted and issued to Campari Winner Limited at the Subscription Price of HK\$0.189 per New H Share under the Subscription Agreement.

On 17 March 2015, the Company and 西安創達天綫有限公司 entered into an agreement for the disposal of the available-for-sale investment at a consideration of RMB988,500. The disposal has not been completed as of the date of approval of these consolidated financial statements. The details of the disposal are set out at Note 10.

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

Revenue recorded for the year ended 31 December 2014 was approximately RMB11.0 million, representing a significant decrease of approximately 56.3% from the year of 2013 as when comparing to RMB25.2 million in 2013. Both revenue from sales and services were dropped significantly as a result of prolonged price competition in existing product line of antennas and services for telecommunication industry throughout the year, and the Group concentrated more resources and effort into the new product line of radio-frequency module during the year which was introduced in the second half of 2013.

Approximately 39% of revenue was generated from export business during the year whereas approximately 3% in 2013. It is mainly attributable to subcontracting income of radio-frequency module, all of which was come from overseas market and accounted for approximately 37% of revenue for the year.

Service income was mainly attributable to network inspection and maintenance services which were accounted for approximately 20% of revenue for the year as the same as those for 2013. Nevertheless indispensable demand for network improvement, revenue was dropped by approximately RMB2.8 million for the year under low pricing strategy.

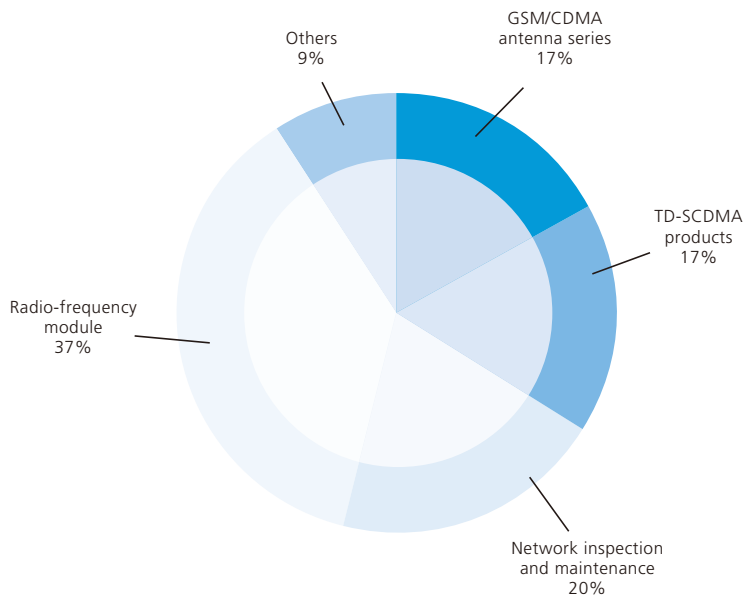
Facing to continuing intensive price competition, less than 1% of revenue was contributed from indoor and outdoor signal services and testing laboratory services, compared to approximately 7% and 3% respectively in 2013.

Revenue from sales of GSM/CDMA antenna series products for the year was decreased from approximately RMB2.6 million in 2013 to approximately RMB1.8 million in 2014, representing a decrease of approximately 30.8%. Sales of TD-SCDMA products remained stable and were slightly increased from approximately RMB1.6 million in 2013 to approximately RMB1.8 million in 2014, representing an increase of approximately 12.5%. No income was generated from sales of smart antenna for the year which was accounted for RMB11.9 million of revenue in 2013.

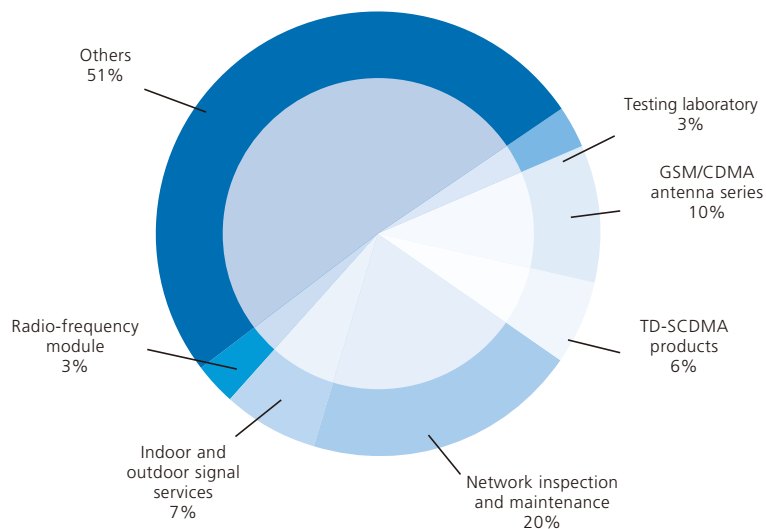
Approximately RMB4.9 million of revenue was generated from the three major telecommunication operators, compared to approximately RMB4.7 million in 2013 under the policy of diversification of customer base to local agents and international suppliers for telecommunication facilities. More effort was devoted to radio-frequency module for market diversification during the year.

Composite of revenue by product line for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013, are provided as follows:

For the year ended 31 December 2014 (by product line)

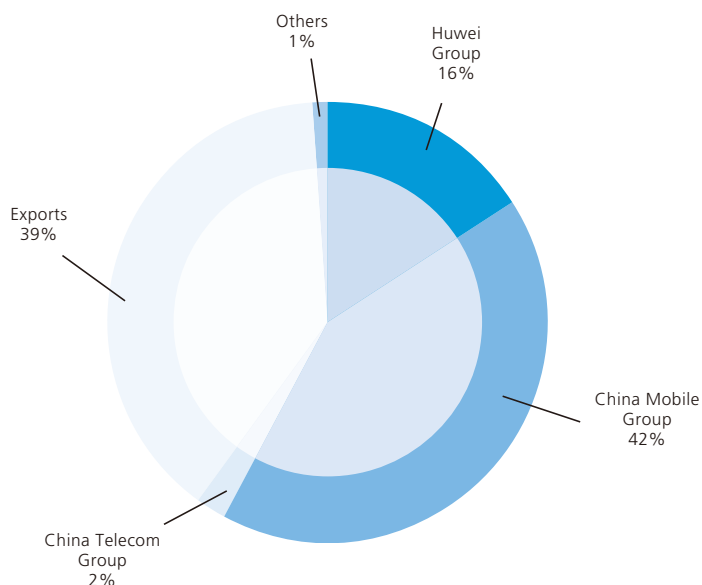


For the year ended 31 December 2013 (by product line)

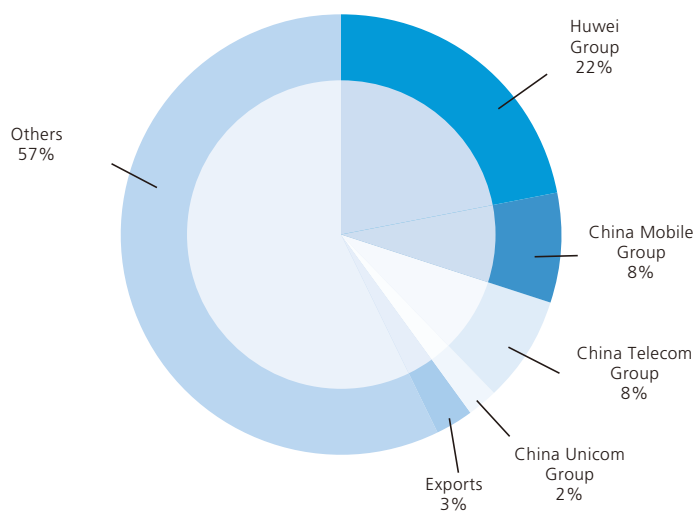


Composite of revenue by major customers for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013, are provided as follows:

For the year ended 31 December 2014 (by major customers)



For the year ended 31 December 2013 (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 RMB0.8 million was recorded for the year with gross profit margin of approximately 7.4%, representing a decrease of approximately 55.4% as comparing to gross profit margin of approximately 16.6% in 2013. This unfavourable change was attributable to not only no sales in high profitable smart antenna for the year, but also the recognition of net allowance for inventories amounted to RMB3.9 million during the year, compared to RMB0.9 million in 2013.

Other Revenue

Approximately RMB6.7 million was recognised as other revenue for the year, representing approximately 58.5% of other revenue in 2013. Impairment loss on trade receivables, other receivables and prepayments amounted to approximately RMB2.1 million, compared to approximately 5.7 million in 2013, was reversed for the year as a result of further recovery from overdue and impaired debts. Gain on debts restructuring in respect of waiver of trade and other payables was accounted for approximately RMB1.6 million for the year, compared to approximately RMB3.3 million in 2013, which further reduced the Group's controversial business obligations and liabilities.

Operating Costs and Expenses

Distribution costs for the year were approximately RMB2.0 million, representing an increase of approximately RMB0.5 million or 33.3% comparing to the year of 2013, due to approximately RMB0.6 million costs of construction work in sales office incurred during the year.

The cost control strategy on operations was still implemented that total administrative expenses were decreased to approximately RMB11.5 million, representing a decrease by approximately RMB2.2 million or 16.1% comparing to the year of 2013. Depreciation of property, plant and equipment and amortisation of intangible assets were reduced by approximately RMB1.2 million and RMB2.2 million respectively as no material acquisition of and investment in fixed assets was made during the year after disposal, written off and impairment loss recognised in previous years. In additions, no commission for debts collection was incurred during the year whereas approximately RMB1.2 million was recognised in 2013. In turn, approximately RMB1.2 million staff costs were increased for the year under the prevailing remuneration policy.

Approximately RMB2.3 million of finance costs were recognised during the year, representing an increase of approximately 64.3% compared to approximately RMB1.4 million in 2013. Over RMB101 million interest-bearing bank borrowings were raised during the year for the operations and export sales, comparing to approximately RMB44 million in 2013.

Gain on disposal of asset classified as held for sale of approximately RMB7.6 million was recognised during the year for the disposal of building which was approved by shareholders in early of 2014.

Impairment loss on trade receivables amounted to approximately RMB1.4 million was recognised during the year of which over RMB1 million was attributable to those debts ageing over 1 year. Approximately RMB0.4 million impairment loss was recognised in respect of other receivables and prepayments that accumulated impairment decreased from approximately 45.2% of total other receivables and prepayments in 2013 to approximately 29.9% in 2014 when total other receivables and prepayments were decreased from approximately RMB10.0 million at 31 December 2013 to approximately RMB8.1 million at 31 December 2014.

No impairment of intangible assets was recognised during the year as all of intangible assets were fully amortised and impaired in previous years.

Following disposal of 9.74% out of 15.38% equity interest in an associate and reclassification of the associate into available-for sale investment in 2013, no further operating results attributable to the associate was recognised.

Under-provision of profits tax and income tax of approximately RMB0.7 million was provided for previous years.

Loss for the year

Consequently, loss attributable to shareholders of approximately RMB3.6 million was reported by the Group for the year which represented an improvement in operating results of the Group when comparing to approximately RMB15.2 million loss in 2013.

PROSPECTS

With China Mobile Group leading the 4G market for more than a year, on 27 February 2015, the Ministry of Industry and Information Technology of the PRC officially awarded 4G FDD licenses to China Telecom Group and China Unicom Group, which meant the two operators are authorised to carry on nationwide 4G operations. China Telecom Group and China Unicom Group will be able to break through the limits of trial cities and conduct large-scale 4G operations throughout China, thus narrowing the gap in 4G operation between China Mobile Group and these two operators. However, based on years of experience in operating base station antennas for mobile communication, as well as analysis of the current profit level in the market, while the aggregate market demand for antenna has picked up in 2015, the 4G antenna market has also evolved into a phase of intensifying price competition with substantial fall in product profitability.

To cope with these circumstances, the Group will continue to reduce follow-up 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 areas of mobile communication system module and related testing and tuning/adjusting businesses. In addition, the Company will increase investments in the fields of marine, underwater and underground monitoring and inspection, product research and development of aircraft, spacecraft and core components, and research and development of automobile electronics and key components by leveraging on resources previously accumulated in other new products and projects. The Group will strive to realise strategic product diversification in 2015, expand the scope of development of the Group, and thereby enhance the operating performance of the Group.

For the purpose of providing funds required for our diversified operations, apart from general bank borrowings, the Company also intends to utilise other financing channels, such as new share issue, as and when appropriate. The Board of Directors and management of the Company will strive to establish the Group as a high-tech enterprise with diversified operations.

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 2014, the Group had bank borrowings of approximately RMB20.0 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 business.

During the year, all of the Group's interest-bearing borrowings borne interest rate of 7.8% per annum. Majority of borrowings were denominated in RMB during the year. Details of policy in respect of foreign currency risk are disclosed in Note 6 to the consolidated financial statements, the Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2014, the Group's gearing ratio was 232.6% (2013: 362.5%), which is calculated based on total interest-bearing borrowings of approximately RMB20.0 million over total shareholders' funds of approximately RMB8.6 million. Cash and cash equivalents decreased approximately from RMB1.5 million to RMB1.2 million. The Group's pledged bank deposits were deposited with banks to secure 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 2014, 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 2014, the Group pledged bank deposits of approximately RMB0.1 million for the qualify of products sold to customers.

CONTINGENT LIABILITIES

As at 31 December 2014, except for those disclosed in Note 39 to the consolidated financial statements, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Since majority 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. Details of policy in respect of foreign currency risk are disclosed in Note 6 to the consolidated financial statements, the Directors consider that exposure to foreign exchange risk was minimal.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had approximately 43 (2013: 56) full-time employees. Total staff costs for the year 2014 amounted to approximately RMB2.9 million (2013: RMB4.5 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 2014.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2014, 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 2014.

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 2014.

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 2014.

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, 20 March 2015

As at the date of this announcement, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Yan Weimin (燕衛民先生) 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 Ms. Huang Jing (黃婧女士) 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