西安海天天綫控股股份有限公司

XI'AN HAITIAN ANTENNA HOLDINGS CO., LTD.*

(formally known as 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 2015

Characteristics of the Growth Enterprise Market ("Gem") of The Stock Exchange Of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Xi'an Haitian Antenna Holdings 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 purpose only*

Annual 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 2015, together with the comparative figures for the year ended 31 December 2014 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	**2015** *RMB*	2014 *RMB*
Revenue	*3*	**23,337,552**	11,028,978
Cost of sales		**(17,518,031)**	(10,208,060)
Gross profit		**5,819,521**	820,918
Other revenue	*4*	**6,885,352**	6,742,896
Gain on disposal of asset classified as held for sale		**–**	7,558,307
Distribution costs		**(2,903,775)**	(2,047,505)
Administrative expenses		**(20,145,847)**	(11,486,478)
Impairment loss recognised in respect of available-for-sale investment		**–**	(305,080)
Impairment loss recognised in respect of trade receivables		**(9,422,376)**	(1,383,282)
Impairment loss recognised in respect of other receivables and prepayments		**(520,878)**	(408,048)
Finance costs	*5*	**(1,642,478)**	(2,332,219)
Loss before tax		**(21,930,481)**	(2,840,491)
Income tax expense	*6*	**(5,565)**	(782,442)
Loss and total comprehensive expense for the year	*7*	**(21,936,046)**	(3,622,933)
Loss per share – Basic and diluted	*9*	**(2.34 cents)**	(0.56 cents)

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	**2015** **RMB**	2014 RMB
Non-current assets			
Property, plant and equipment		**2,900,585**	235,511
Intangible assets		**–**	–
Available-for-sale investment	*10*	**–**	988,500
		2,900,585	1,224,011
Current assets			
Inventories		**3,106,902**	2,435,177
Trade receivables	*11*	**26,619,878**	95,473,164
Other receivables and prepayments		**28,771,453**	5,673,501
Amount due from a related party	*12*	**26,500,669**	26,500,669
Pledged bank deposits		**5,100**	90,429
Bank balances and cash		**30,976,946**	1,206,601
		115,980,948	131,379,541
Current liabilities			
Trade payables	*13*	**12,495,651**	76,235,661
Other payables and accrued charges		**12,732,912**	25,928,657
Tax payables		**69,771**	64,206
Amounts due to directors		**147,430**	686,827
Bank and other borrowings	*14*	**20,000,000**	20,000,000
		45,445,764	122,915,351
Net current assets		**70,535,184**	8,464,190
Total assets less current liabilities		**73,435,769**	9,688,201
Non-current liability			
Deferred income		**–**	1,123,200
Net assets		**73,435,769**	8,565,001
Capital and reserves			
Share capital		**134,705,882**	64,705,882
Reserves		**(61,270,113)**	(56,140,881)
Equity attributable to owners of the Company and total equity		**73,435,769**	8,565,001

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company					
	Share capital	Share premium	Statutory surplus reserve	Other Reserve	Accumulated losses	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 1 January 2014	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
Loss and total comprehensive expense for the year	–	–	–	–	(21,936,046)	(21,936,046)
Shares issued	70,000,000	16,806,814	–	–	–	86,806,814
At 31 December 2015	**134,705,882**	**88,035,760**	**16,153,228**	**15,856,279**	**(181,315,380)**	**73,435,769**

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, underwater and underground surveillance, imaging, mechanical equipment, and complicated environment warning and surveillance equipment, and agricultural and forestry unmanned aerial vehicles.

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 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

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

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

3 Effective date not yet been determined.

The directors of the Company anticipate that, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The executive directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Specifically the Group's reportable are as follows:

- Sales of antennas products and related services;
- Sales of underwater surveillance and related products; and
- Sales of unmanned aerial products

The Group was organised into a single operating segment as sales of antennas products and rendering related services in 2014. Accordingly, no reportable segment has presented. Whereas, the Group has established new subsidiaries during the year and diversified its operations. There are three reportable segments which are antennas products, underwater surveillance products and unmanned aerial products in 2015.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2015

	Sales of antennas products and related services *RMB*	**Sales of underwater surveillance and related products** *RMB*	**Sales of unmanned aerial products** *RMB*	**Total** *RMB*
REVENUE				
External sales	**13,496,935**	**9,840,617**	**–**	**23,337,552**
Segment loss	**(2,288,940)**	**(1,671,988)**	**(34,486)**	**(3,995,414)**
Unallocated income				**3,738,655**
Unallocated expenses				**(20,031,244)**
Finance costs				**(1,642,478)**
Loss before tax				**(21,930,481)**

For the year ended 31 December 2014

	Sales of antennas products and related services *RMB*	Total *RMB*
REVENUE		
External sales	11,028,978	11,028,978
Segment loss	(2,840,491)	(2,840,491)
Unallocated income		–
Unallocated expenses		–
Finance costs		–
Loss before tax		(2,840,491)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned/loss from by each segment without allocation of central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the executive directors with respect to the resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2015 ***RMB***	2014 *RMB*
Sales of antennas products and related services	**37,749,323**	132,603,552
Sales of underwater surveillance and related products	**17,067,656**	–
Sales of unmanned aerial products	**6,586,939**	–
Total segment assets	**61,403,918**	132,603,552
Unallocated assets	**57,477,615**	–
Consolidated total assets	**118,881,533**	132,603,552

Segment liabilities

	2015 ***RMB***	2014 *RMB*
Sales of antennas products and related services	**19,661,861**	124,038,551
Sales of underwater surveillance and related products	**5,411,483**	–
Sales of unmanned aerial products	**52,649**	–
Total segment liabilities	**25,125,993**	124,038,551
Unallocated liabilities	**20,319,771**	–
Consolidated total liabilities	**45,445,764**	124,038,551

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

– all assets are allocated to operating segments other than bank balances and cash and certain unallocated head office assets. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual reportable segments; and

– all liabilities are allocated to operating segments other than tax payables, bank and other borrowings and certain unallocated head office liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

Other segment information
For the year ended 31 December 2015

	Sales of antennas products and related services *RMB*	**Sales of underwater surveillance and related products** *RMB*	**Sales of unmanned aerial products** *RMB*	**Unallocated** *RMB*	**Total** *RMB*
Amounts included in the measure of segment profit or loss for segment assets:					
Additions to non-current assets	**801,499**	**1,873,363**	**244,615**	**–**	**2,919,477**
Depreciation of property, plant and equipment	**(236,872)**	**(10,416)**	**(416)**	**–**	**(247,704)**
Impairment losses recognised in respect of trade receivables	**(9,422,376)**	**–**	**–**	**–**	**(9,422,376)**
Impairment loss recognised in respect of other receivables and prepayments	**(520,878)**	**–**	**–**	**–**	**(520,878)**
Impairment loss recognised in respect of inventories	**(1,257,817)**	**–**	**–**	**–**	**(1,257,817)**
Reversal of allowance for inventories	**3,077,624**	**–**	**–**	**–**	**3,077,624**
Loss on disposal of property, plant and equipment	**(6,699)**	**–**	**–**	**–**	**(6,699)**
Impairment loss reversed in respect of trade receivables	**1,780,628**	**–**	**–**	**–**	**1,780,628**
Impairment loss reversed in respect of other receivables and prepayments	**242,871**	**–**	**–**	**–**	**242,871**
Amortisation of government grants received	**1,123,200**	**–**	**–**	**–**	**1,123,200**
Amounts regularly provided to the executive directors but not included in the measure of segment profit or loss or segment assets:					
Interest income	**–**	**–**	**–**	**43,544**	**43,544**
Finance costs	**–**	**–**	**–**	**(1,642,478)**	**(1,642,478)**
Income tax expenses	**–**	**–**	**–**	**(5,565)**	**(5,565)**

For the year ended 31 December 2014

	Sales of antennas products and related services *RMB*	Unallocated *RMB*	Total *RMB*
Amounts included in the measure of segment profit or loss for segment assets:			
Additions to non-current assets	137,434	–	137,434
Depreciation of property, plant and equipment	(14,846)	–	(14,846)
Impairment losses recognised in respect of trade receivables	(1,383,282)	–	(1,383,282)
Impairment loss recognised in respect of other receivables and prepayments	(408,048)	–	(408,048)
Impairment loss recognised in respect of inventories	(3,923,928)	–	(3,923,928)
Impairment loss reversed in respect of trade receivables	915,664	–	915,664
Impairment loss reversed in respect of other receivables and prepayments	1,204,127	–	1,204,127
Amortisation of government grants received	2,547,900	–	2,547,900
Amounts regularly provided to the executive directors but not included in the measure of segment profit or loss or segment assets:			
Interest income	290,919	–	290,919
Finance costs	(2,332,219)	–	(2,332,219)
Income tax expenses	(782,442)	–	(782,442)

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**	
	2015 ***RMB***	2014 *RMB*	**2015** ***RMB***	2014 *RMB*
The PRC (country of domicile)	**23,283,337**	6,765,390	**2,900,585**	235,511
Asia excluding the PRC	**–**	4,263,588	**–**	–
Others	**54,215**	–	**–**	–
	23,337,552	11,028,978	**2,900,585**	235,511

All non-current assets are allocated to operating segments other than available-for-sale investment.

4. OTHER REVENUE

	2015	2014
	RMB	*RMB*
Government grants	**–**	122,900
Government grants amortised	**1,123,200**	2,547,900
Impairment loss reversed in respect of trade receivables	**1,780,628**	915,664
Impairment loss reversed in respect of other receivables and prepayments	**242,871**	1,204,127
Waiver of trade payables	**1,163,455**	1,055,668
Waiver of other payables	**679,921**	520,175
Interest income	**43,544**	290,919
Exchange gain	**1,291,129**	–
Testing service income	**395,338**	–
Others	**165,266**	85,543
	6,885,352	6,742,896

5. FINANCE COSTS

	2015	2014
	RMB	*RMB*
Interests on bank and other borrowings	**1,642,478**	2,332,219

6. INCOME TAX EXPENSE

	2015	2014
	RMB	*RMB*
Current tax:		
Hong Kong Profits Tax	**–**	55,693
Under-provision in prior years:		
Hong Kong Profits Tax	**–**	8,513
PRC Enterprise Income Tax	**5,565**	718,236
	5,565	726,749
Deferred taxation	**–**	–
	5,565	782,442

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2015 as there was no assessable profit for the year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2014.

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

	2015 *RMB*	2014 *RMB*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**247,704**	14,846
Auditor's remuneration		
– audit services	**530,000**	480,000
– other services	**260,234**	60,000
Amount of inventories recognised as an expense	**9,548,985**	3,852,419
Staff costs		
– Directors' and supervisors' remuneration	**1,666,080**	388,425
– Salaries, wages and other benefits	**5,875,846**	2,156,295
– Retirement benefit scheme contributions (excluding directors and supervisors)	**908,957**	345,172
Total staff costs	**8,450,883**	2,889,892
Loss on written-off of property, plant and equipment	**6,699**	–
Allowance for inventories (included in cost of sales)	**1,257,817**	3,923,928
Reversal of allowance for inventories (included in cost of sales)	**(3,077,624)**	–
Exchange difference, net	**(1,291,129)**	783,724
Minimum lease payments under operating leases	**956,929**	762,341
Research and development costs recognised as an expense	**1,528,019**	67,972

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: 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 RMB21,936,046 (2014: RMB3,622,933) and the weighted average number of 938,209,509 (2014: 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 does not have any potential shares outstanding for the two years ended 31 December 2015 and 2014.

10. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2015 *RMB*	2014 *RMB*
Unlisted investment in equity security	**–**	1,293,580
Less: impairment loss recognised	**–**	(305,080)
	–	988,500

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.

On 17 March 2015, the Group disposed of the unlisted equity security at a consideration of RMB988,500 with carrying amount of RMB988,500, which had been carried at cost less impairment before disposal.

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.

	2015	2014
	RMB	*RMB*
Within 60 days	**9,490,425**	4,208,559
61 to 120 days	**2,396,247**	439,268
121 to 180 days	**161,650**	46,243,177
181 to 365 days	**14,226**	31,104,602
Over 365 days	**14,557,330**	13,477,558
	26,619,878	95,473,164

Included in the Group's trade receivable balance are trade receivables with aggregate carrying amount of RMB3,519,835 (2014: RMB14,230,364) which are past due as at the reporting date for which the Group has not provided for impairment loss.

12. AMOUNT DUE FROM A RELATED PARTY

Particulars of amount due from a related party are as follow:–

Name of related parties	**Relationship**	**Outstanding amount at 01/01/2015**	**Outstanding amount at 31/12/2015**	**Maximum outstanding**	**Amount fallen due but not been paid**	**Provisions for bad debts made**
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
西安海天投資控股有限公司(“海天投資”)	Common director and shareholder	26,500,669	**26,500,669**	26,500,669	26,500,669	–

The amount is unsecured, interest-free and repayable on demand.

Xiao Bing is the executive director of the Company and 海天投資, of which is owned as to 25% by Xiao Bing for both years.

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.

	2015	2014
	RMB	*RMB*
Within 60 days	**3,399,133**	5,471,472
61 to 120 days	**7,157,616**	–
121 to 365 days	**271,207**	64,542,335
Over 365 days	**1,667,695**	6,221,854
	12,495,651	76,235,661

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

	2015 RMB	2014 RMB
Bank borrowings		
– Unsecured	**20,000,000**	20,000,000
Carrying amount repayable:		
On demand or within one year	**20,000,000**	20,000,000
Less: Amounts due within one year shown under current liabilities	**(20,000,000)**	(20,000,000)
Amounts shown under non-current liabilities	**–**	–

15. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to approval granted by the Companies Registry on 18 January 2016, the name of the Company was changed from Xi'an Haitian Antenna Technologies Co., Ltd. to Xi'an Haitian Antenna Holdings Co., Ltd..

(b) Subsequent to 31 December 2015, Shaanxi Haitian Lotaks Aviation Light Engine Technologies Co., Ltd. with registered capital of RMB10,000,000 was established under PRC regulation.

(c) Under the subscription agreements dated 18 December 2015, 60,000,000 new H shares and 32,000,000 new H shares will be allotted and issued to Auspicious Zone Investments Limited and Oceanic Bliss Holdings Limited respectively for cash at subscription price of HK$0.33 per new H share. On 2 February 2016, the Company has obtained an approval granted by the China Securities Regulatory Commission for the issue of new H shares. The issue of new H shares has not yet completed as at date of these consolidated financial statements authorised for issue.

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

Revenue recorded for the year ended 31 December 2015 was approximately RMB23.34 million, representing a significant increase of approximately 111.6% from RMB11.03 million in the year of 2014. Although the existing sales of antenna products and related services were affected by prolonged price competition in telecommunication industry throughout the year, the new source of revenue from the segment of underwater surveillance and related products made a great contribution to the growth in revenue since the second quarter of 2015.

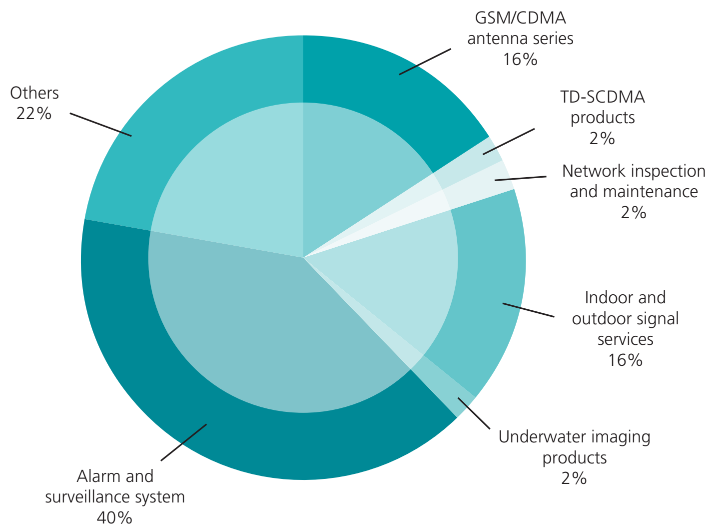
Over 42% of revenue was generated from the segment of underwater surveillance and related products, of which approximately 40% of revenue was attributable to alarm and surveillance system. In respect of underwater imaging products, they were accounted for merely 2% of revenue since their introduction to the market in the fourth quarter of 2015.

Traditional sales from GSM/CDMA antenna series and TD-SCDMA products were dropped from approximately 17% and 17% of revenue in 2014 to approximately 16% and 2% of revenue for the year respectively. Service income from network inspection and maintenance was also decrease from approximately 20% of revenue in 2014 to approximately 2% of revenue for the year, and less than 1% of revenue attributable to exports was recorded as no subcontracting income of radio-frequency module was recognised during the year which was accounted for approximately 37% of revenue in 2014. Approximately RMB3.84 million, approximately 16% of revenue, was generated from indoor and outdoor signal services as the result of indispensable demand for network improvement. Nevertheless the recession in the whole telecommunication industry, the revenue from the segment of antennas products and related services was still increased by approximately 22%, compared to revenue of approximately RMB11.03 million in 2014.

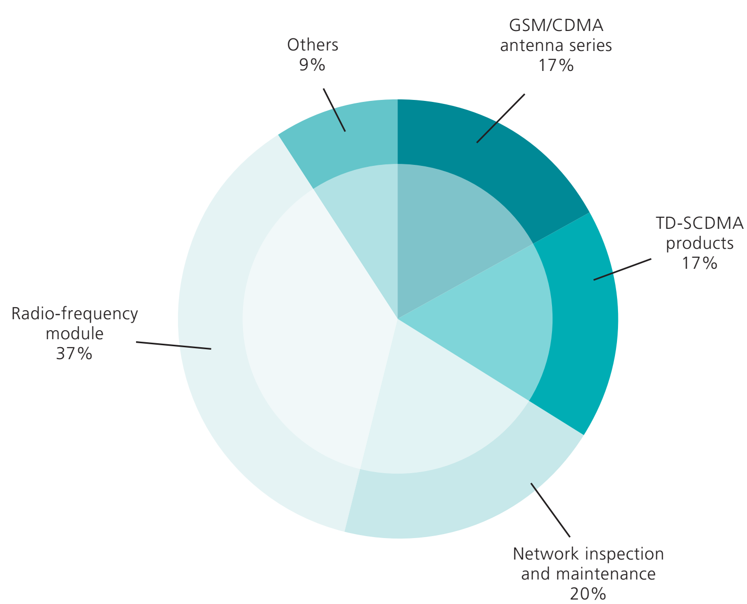
Based on product structure reshuffling and introduction of new segment of products and services during the year, customer bases were further diversified not only to local agents and international suppliers for telecommunication facilities, but also market of marine products. Approximately 27% of revenue was generated from three major telecommunication operators under the prevailing strategy, compared to approximately 44% in 2014. Further effort would be devoted to the markets of marine products and, as and when appropriate, aerospace products.

Composite of revenue by product line for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, are provided as follows:

For the year ended 31 December 2015 (by product line)

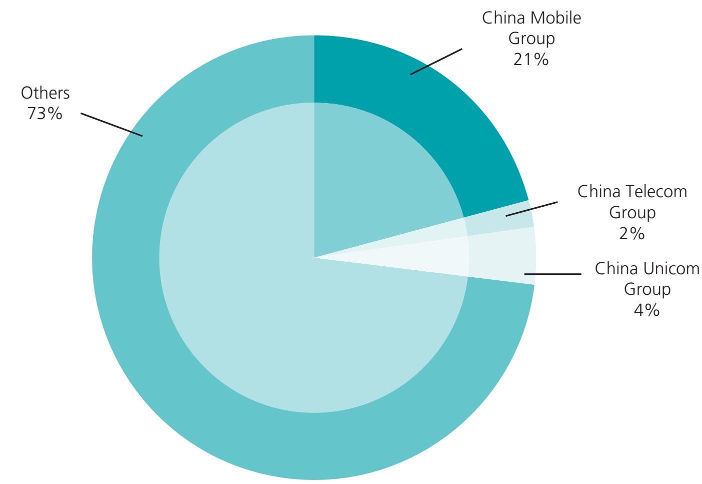


For the year ended 31 December 2014 (by product line)

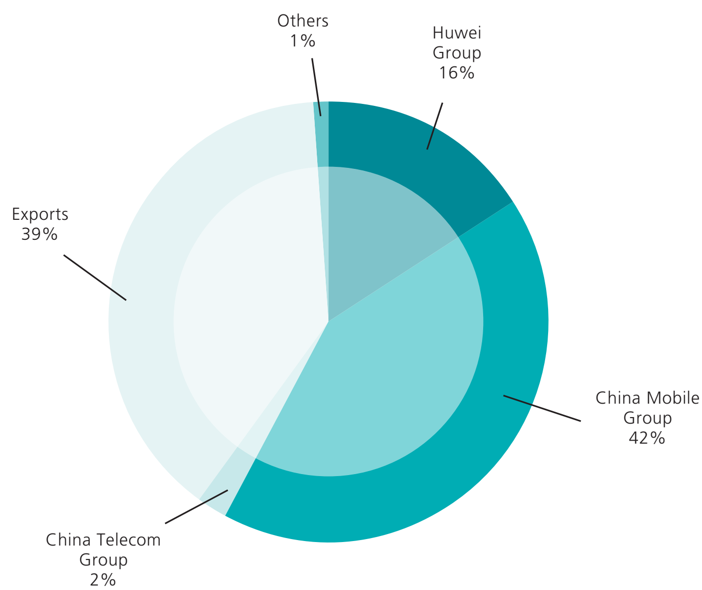


Composite of revenue by major customers for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, are provided as follows:

For the year ended 31 December 2015 (by major customers)



For the year ended 31 December 2014 (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 RMB5.82 million was recorded for the year with gross profit margin of approximately 24.9%, representing an increase of over 236% as when comparing to gross profit margin of approximately 7.4% in 2014. Except for concentration on high profitable smart antenna products and network optimisation services during the year, this favourable change was attributable to successful introduction of new source of income from underwater surveillance and related products segment. At the same time, net allowance for inventories in respect of antennas products and related services segment amounted to approximately RMB1.84 million was reversed during the year to enhance gross profit margin.

Other Revenue

Approximately RMB6.89 million was recognised as other revenue for the year, representing slightly increase as when comparing to approximately RMB6.74 million in 2014. Impairment loss on trade receivables, other receivables and prepayments amounted to approximately RMB2.02 million, compared to approximately 2.12 million in 2014, was reversed during the year for recovery from overdue and impaired debts. Gain on debts restructuring in respect of wavier of trade and other payables was accounted for approximately RMB1.84 million for the year, compared to approximately RMB1.58 million in 2014, after negotiations with business parties.

Operating Costs and Expenses

Distribution costs for the year were approximately RMB2.90 million, representing an increase of approximately 41.8% compared to the year of 2014, mainly due to approximately RMB0.82 million incurred for marketing and exhibition costs of new products during the year.

Most of administrative expenses were generally under the cost control strategy on operations during the year. In order to strengthen the administrative staff team in respect of product restructuring, new business development and fund raising, staff costs were increased by approximately RMB3.61 million compared to last year. In respect of new business segments, approximately RMB1.53 million research and development costs were recognised for product development during the year. Approximately RMB3.00 million legal and professional fees were expensed for fund raising activities, properties acquisition and other business operations. Consequently, total administrative expenses were increased to approximately RMB20.15 million, representing an obvious increase by approximately RMB8.66 million or 75.4% compared to the year of 2014, which would have positive impact to the Group's future operations.

Approximately RMB1.64 million of finance costs were paid for bank borrowings during the year, representing a decrease of approximately 29.6% compared to approximately RMB2.33 million in 2014. Bank borrowings were remained at RMB20.00 million throughout the year as additional funds were obtained for operations and development from fund raising activities.

Impairment loss on trade receivables amounted to approximately RMB9.42 million was recognised during the year for those impaired debts ageing more than 3 years of antennas products and related services segment, so that the past due but not impaired trade receivables were less than RMB3.52 million at year end 31 December 2015, compared to more than RMB14.23 million at 31 December 2014. Approximately RMB0.52 million impairment loss was further recognised in respect of other receivables and prepayments during the year but the accumulated impairment of other receivables and prepayments decreased from approximately 29.9% of total other receivables and prepayments at 31 December 2014 to approximately 8.6% at 31 December 2015.

Loss for the year

Even the Group had new source of revenue and improvement in gross profit margin during the year, increase in administrative expenses and further impairment loss on trade receivables had significant effect on the operating results for the year. Consequently, loss attributable to shareholders of approximately RMB21.94 million was reported for the year which represented a decline in operating results of the Group as when comparing to loss of approximately RMB3.62 million in 2014.

PROSPECTS

In 2016, while continuing to reduce follow-up expenditure in common mobile communication antenna market and turn to place more emphasis on high value-added communication businesses including network optimisation and special antenna, the Group will continue to promote product strategy reshuffling and transformation and focus on aerospace products and marine equipment market expansion.

The Company has basically completed the research work of several unmanned aerial vehicles and related aviation electronic imaging and monitoring machines, including large-scale unmanned autogiros applied to aerial seeding in agriculture, forestry, animal Husbandry, insecticide, fertilisation, plant protection, fire-fighting and high-speed unmanned fixed wing aircrafts applied to on-site inspection, surveying and mapping, monitoring, meteorological service and several unmanned products including micro multi-rotor unmanned aircrafts with various applications. The Company has gradually commenced relevant maintenance, inspection and training businesses. In respect of marine equipment, the Group also has launched underwater monitoring, underwater imaging, underwater machinery and other products.

In 2016, the Group will focus on aerospace and marine equipment products, develop relevant unmanned aerial power assembly, automatic control system, unmanned aerial vehicle communication link, polymorphic pod extension device and other core technologies and products, and also energetically commence value-added businesses related to above products including maintenance, inspection and training. Meanwhile, the Group will actively participate in the important domestic and foreign industry exhibitions to further expand its client base and comprehensively open market. It is expected that above new products will record new results with substantial growth in 2016 and will help the Group realise product diversification, complete strategic development target in new products and improve its operation performance.

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 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 2015, the Group had bank borrowings of approximately RMB20.00 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 develop underwater surveillance and unmanned aerial businesses.

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. The Directors consider that exposure to foreign exchange risk was minimal.

As at 31 December 2015, the Group's gearing ratio was 27.2% (2014: 232.6%), which is calculated based on total interest-bearing borrowings of approximately RMB20.00 million over total shareholders' funds of approximately RMB73.44 million. Cash and cash equivalents increased approximately from RMB1.21 million to RMB30.98 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 2015, 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 2015, the Group pledged bank deposits of approximately RMB0.01 million for the qualify of products sold to customers.

CONTINGENT LIABILITIES

As at 31 December 2015, 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. The Directors consider that exposure to foreign exchange risk was minimal.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 96 (2014: 43) full-time employees. Total staff costs for the year 2015 amounted to approximately RMB8.45 million (2014: RMB2.89 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 2015.

The available-for-sale investment in unlisted equity security was disposed of on 17 March 2015.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 December 2015, the Group had capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment amounted to approximately RMB41.03 million.

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 2015.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 2015.

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, Ms. Huang Jing and the other members are Mr. Li Wenqi and Mr. Zhang Jun, 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 2015.

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

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.

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

Xi'an, the PRC, 18 March 2016

As at the date of this announcement, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Chen Ji (陳繼先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閆鋒先生), Mr. Xie Yiqun (解益群先生) and Mr. Li Peng (李鵬先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Ms. Huang Jing (黃婧女士), Professor Shi Ping (師萍教授) and Mr. Tu Jijun (涂繼軍先生) 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 date of its posting and be posted on the website of the Company at http://www.xaht.com.

* *for identification purpose only*