



西安海天天线科技股份有限公司
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)

Xi'an
Haitian
Antenna
Technologies
2012 Third Quarterly Report

*for identification purposes only

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 report, 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 report.

This report, 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 report 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 report misleading.*

* For identification purposes only

HIGHLIGHTS

- The Group's unaudited turnover for the nine months ended 30 September 2012 was RMB20.8 million, representing a decrease of 43.1% when compared with that of the corresponding period in the year 2011.
- The Group's unaudited loss for the nine months ended 30 September 2012 was RMB1.7 million, and the Group recorded a loss of RMB21.0 million for the corresponding period in the year 2011.
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2012 (2011: nil).

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

The board of Directors of the Company (the "Board") hereby submits the unaudited operating results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2012, together with the unaudited comparative figures for the corresponding period in the year 2011 as follows:

Consolidated Statement of Comprehensive Income

	Notes	(Unaudited)		(Unaudited)	
		For the three months ended 30 September		For the nine months ended 30 September	
		2012	2011	2012	2011
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3	7,808	9,408	20,834	36,646
Cost of sales		(6,037)	(7,274)	(15,561)	(31,291)
Gross profit		1,771	2,134	5,273	5,355
Other revenue		539	898	5,313	4,332
Distribution costs		(645)	(2,983)	(1,888)	(7,380)
Administrative expenses		(2,449)	(6,206)	(9,559)	(20,386)
Share of result of an associate		(216)	–	(805)	–
Finance costs		(9)	(594)	(18)	(2,887)
Loss before tax		(1,009)	(6,751)	(1,684)	(20,966)
Income tax expense	4	–	–	–	–
Loss and total comprehensive expense for the period		(1,009)	(6,751)	(1,684)	(20,966)
Loss per share					
– Basic and diluted (in RMB cents)	6	(0.2)	(1.0)	(0.3)	(3.2)

Notes to the Consolidated Financial Results

For the nine months ended 30 September 2012

1. BASIS OF PREPARATION

The Company is a joint stock limited company established in the People's Republic of China (the "PRC") and the H shares of the Company are listed on the GEM of the Stock Exchange.

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

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

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

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the Group's annual financial statements for the year ended 31 December 2011.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue breakdown by nature:

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2012 RMB'000	2011 <i>RMB'000</i>	2012 RMB'000	2011 <i>RMB'000</i>
Sales of antennas and related products	2,262	3,412	5,863	15,962
Service income	5,546	5,996	14,971	20,684
	7,808	9,408	20,834	36,646

3. REVENUE *(continued)*

Revenue breakdown by geographical location:

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2012 RMB'000	2011 <i>RMB'000</i>	2012 RMB'000	2011 <i>RMB'000</i>
PRC	7,762	9,359	20,076	36,412
Others	46	49	758	234
	7,808	9,408	20,834	36,646

4. INCOME TAX EXPENSE

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

5. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2012 (2011: nil).

6. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the unaudited loss for the three months and nine months ended 30 September 2012 attributable to owners of the Company of RMB1,009,000 and RMB1,684,000 respectively (2011: RMB6,751,000 and RMB20,966,000 respectively) and the weighted average number of 647,058,824 (2011: 647,058,824) ordinary shares in issue during the period.

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 both periods.

7. RESERVES

	(Unaudited) Share capital RMB'000	(Unaudited) Share premium RMB'000	(Unaudited) Statutory surplus reserve RMB'000	(Unaudited) Other reserve RMB'000	(Unaudited) Accumulated losses RMB'000	(Unaudited) Total RMB'000
At 1 January 2011	64,706	71,229	16,153	3,939	(110,487)	45,540
Total comprehensive expense for the period	-	-	-	-	(20,966)	(20,966)
At 30 September 2011	64,706	71,229	16,153	3,939	(131,453)	24,574
At 1 January 2012	64,706	71,229	16,153	3,939	(152,966)	3,061
Total comprehensive expense for the period	-	-	-	-	(1,684)	(1,684)
Wavier of current accounts	-	-	-	11,917	-	11,917
At 30 September 2012	64,706	71,229	16,153	15,856	(154,650)	13,294

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue

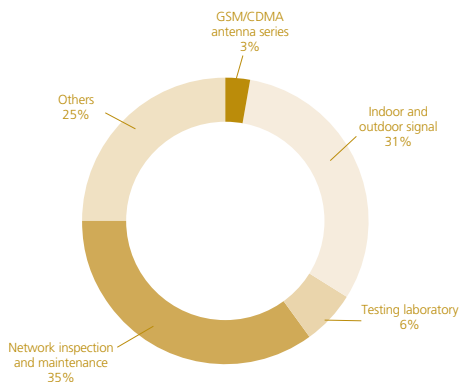
Approximately RMB20.8 million unaudited revenue was recorded for the nine months ended 30 September 2012 (the "Review Period"), representing a decrease of 43.1% as compared to the unaudited revenue for the corresponding period in the year 2011. It was attributable to the decline in both sales of antennas and related products and service income during the Review Period as a result of prolonged price competition and deferred bulk purchases of TD-SCDMA.

Revenue from network inspection and maintenance service and indoor and outdoor signal services were accounted for 35% and 31% respectively of revenue for the Review Period, compared to 26% and 24% respectively for the corresponding period in the year 2011. Such increase was mainly attributable to the increasing demand for network optimisation and inspection services. Products testing laboratory service contributed 6% to revenue during the Review Period which decreased by one percentage point from the corresponding period in the year 2011. Sales of GSM/CDMA antenna series dropped from 18% of revenue for the corresponding period in the year 2011 to 3% for the Review Period as a result of termination of manufacture of 2G and 2.5G products. Less than 1% of revenue was contributed by sales of TD-SCDMA products during the Review Period.

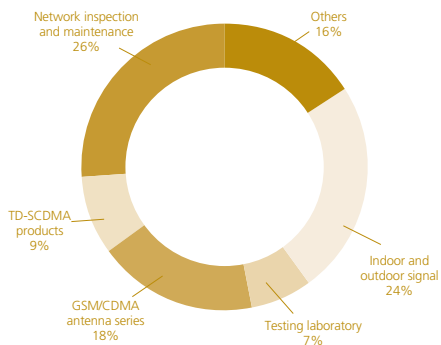
Revenue from the three major telecommunication operators maintained at 51% of revenue for the Review period, compared to 44% for the corresponding period in 2011. At the same time, the group's customer base was further diversified to local agents and international suppliers for telecommunication facilities to expand its market share and establish its own brand name.

Composite of sales by product line for the nine months ended 30 September 2012, together with the comparative figures for the corresponding period in the year 2011, are provided as follows:

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

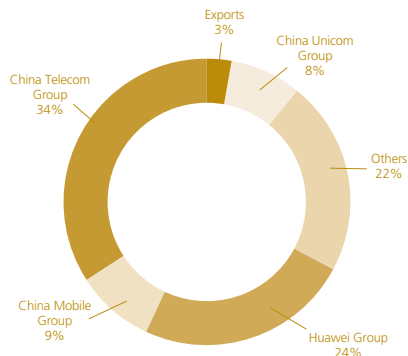


For the nine months ended 30 September 2011 (by product line)

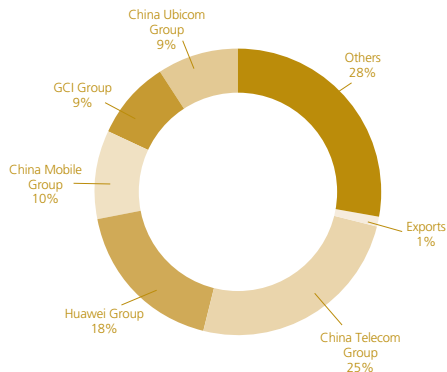


Composite of turnover by major customers for the nine months ended 30 September 2012, together with the comparative figures for the corresponding period in the year 2011, are provided as follows:

For the nine months ended 30 September 2012 (by major customers)



For the nine months ended 30 September 2011 (by major customers)



Legend:

China Telecom Group: 中國電信集團公司 (China Telecommunications Corporation) and its subsidiaries and branch companies (collectively "China Telecom Group")

China Unicom Group: 中國聯合通信有限公司 (China United Telecommunications Corporation) and its subsidiaries and branch companies (collectively "China Unicom Group")

China Mobile Group: 中國移動通信集團公司 (China Mobile Communications Corporation) and its subsidiaries and branch companies (collectively "China Mobile Group")

Huawei Group: 華為技術有限公司 (Huawei Technologies Co., Ltd.) and its subsidiaries and branch companies (collectively "Huawei Group")

GCI Group: 廣州傑賽科技股份有限公司 (GCI Science & Technology Co., Ltd.) and its subsidiaries and branch companies (collectively "GCI Group")

Gross Profit

Unaudited gross profit margin for the Review Period was 25.3% which increased from 14.6% of the same period in 2011. Apart from the effect of scale-down of excess production capacity and close-down of non-profitable operations, higher profitability of service income improved profit margin greatly.

Other Revenue

Approximately RMB3.2 million and approximately RMB0.6 million respectively were attributable to gain on debts restructuring in respect of waiver of trade and other payables and gain on disposal of property, plant and equipment during the Review Period.

Operating Costs and Expenses

Distribution costs for the Review Period dropped significant by over 74% as compared to corresponding period in 2011. This favourable change was mainly attributable to the decrease of RMB2.4 million in exhibition and business fees under concentration on mainland China market development, the decrease of RMB1.0 million in staff costs under the performance evaluation and incentive management approach and the decrease of RMB0.4 million in depreciation expenses after disposal of idle and non-operating assets. In additions, RMB0.7 million less of sales representation office construction expenses were incurred during the Review Period as compared to the corresponding period in 2011.

The decrease in administrative expenses from RM20.4 million in the corresponding period in 2011 to RMB10.0 million in the Review Period, representing a decrease of 53.1%, reflected the success in cost control strategy over the Group's operations including wavier of rental expenses amounted to RMB4.5 million, cost saving in utility expenses amounted to RMB1.4 million, decrease in staff costs amounted to RMB1.3 million.

No significant finance costs were incurred as there was no interest-bearing bank and other borrowings during the Review Period.

Share of loss of an associate in accordance with 13.77% equity interest held by the Group was accounted for during the Review Period.

Loss for the period

Nevertheless lower revenue was recorded during the Review Period, an unaudited loss of RMB1.7 million was reported which represented an improvement in operating results by 92.0% comparing with corresponding period in 2011.

PROSPECTS

The Group will continue to deploy more resources to 3G follow-up evolution products and 4G products. The PRC government has begun pilot construction of TD-LTE commercial networks in 13 cities across the country, it is expected that the issuance of 4G licenses is approaching from which higher rate of return would be generated by the Group. At the same time, concentration on those products and services with higher gross profit margin will be the strategy to improve its performance.

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

As at 30 September 2012, the interests and short positions of the Directors, Supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong) had applied to the Supervisors) and chief executives of the Company, including their respective associates, in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in domestic shares of the Company ("Domestic Shares")

Name of Director	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Professor Xiao Liangyong (肖良勇教授)	Personal	Parties acting in concert	180,000,000 (Note 1)	37.09%	27.82%
Mr. Xiao Bing (肖兵先生)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.82%
Mr. Zuo Hong (左宏先生)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%

Notes:

- The Domestic Shares were held by 西安天安投資有限公司 (Xi'an Tian An Investment Co., Ltd.*) ("Tian An Investment"), which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, Professor Xiao Liangyong and Mr. Xiao Bing were deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.
- The Domestic Shares were held by 深圳市匯泰投資發展有限公司 (Shenzhen Huitai Investment Development Co., Ltd.*) ("Shenzhen Huitai"), which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.

Other than as disclosed above, none of the Directors, Supervisors and chief executive of the Company nor their respective associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2012 as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES OF THE COMPANY (THE "H SHARES")

As at 30 September 2012, so far as is known to the Directors, Supervisors and chief executives of the Company, none of the Directors, Supervisors or chief executives of the Company or any of their respective associates including spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for H Shares (or warrants or debentures, if applicable) or to acquire H Shares.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2012, the following persons or entities (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

(A) Substantial shareholders of the Company

Long positions in Domestic Shares of the Company

Name of substantial shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Tian An Investment	Corporate	Beneficial owner	180,000,000 (Note 1)	37.09%	27.82%
Ms. Yao Wenli (姚文利女士)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.82%

Name of substantial shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
西安開元投資集團股份有限公司 (Xi'an Kaiyuan Investment Group Co., Ltd. *) (formerly 西安開元控股集團股份有限公司 (Xi'an Kaiyuan Holding Group Co., Ltd. *))	Corporate	Beneficial owner	100,000,000	20.61%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706 (Note 2)	15.47%	11.60%
Ms. Yi Li (易麗女士)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%
長安國際信託股份有限公司 (Chang'an International Trust Co., Ltd. *) (formerly 西安國際信託有限公司 (Xi'an International Trust Co., Ltd. *))	Corporate	Beneficial owner	70,151,471 (Note 3)	14.46%	10.84%
西安市財政局 (Xi'an Finance Bureau*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	10.84%
上海証大投資管理有限公司 (Shanghai Zendai Investment Management Co., Ltd. *)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	10.84%

Notes:

1. The Domestic Shares were held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. By virtue of the SFO, Ms. Yao Wenli was deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.
2. The Domestic Shares were held by Shenzhen Huitai, which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.
3. The Domestic Shares were held by Chang'an International Trust Co., Ltd. ("CITC"). By virtue of the SFO, Xi'an Finance Bureau and Shanghai Zendai Investment Management Co., Ltd., which respectively holds more than one third of voting rights of CITC, were deemed to be interested in the same 70,151,471 Domestic Shares held by CITC.

(B) Other persons who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO

Long positions in Domestic Shares of the Company

Name of substantial shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
北京京泰投資 管理中心 (Beijing Holdings Investment Management Co., Ltd.*)	Corporate	Beneficial owner	54,077,941 (Note 1)	11.14%	8.36%
京泰實業(集團) 有限公司 (Beijing Holdings (Group) Limited*)	Corporate	Held by controlled corporation	54,077,941 (Note 1)	11.14%	8.36%

Long positions in H Shares of the Company

Name of substantial shareholder	Type of interest	Capacity	Number of H Shares held in the Company	Approximate percentage in the total issued H Shares of the Company	Approximate percentage in the total issued share capital of the Company
Taicom Capital Ltd.	Corporate	Investment manager	13,004,000 (Note 2)	8.04%	2.01%
Carlson Fund Equity Asian Small Cap	Corporate	Investment manager	10,520,000 (Note 2)	6.50%	1.63%
Ms. Song Ying	Personal	Beneficial owner	8,800,000 (Note 2)	5.44%	1.36%

Notes:

1. The Domestic Shares were held by Beijing Holdings Investment Management Co., Ltd. ("Beijing Holdings"). By virtue of the SFO, Beijing Holdings (Group) Limited, which holds more than one third of voting rights of Beijing Holdings, was deemed to be interested in the same 54,077,941 Domestic Shares held by Beijing Holdings.
2. The details of these shareholders of the Company were based on information as set out in the website of the Stock Exchange. The Company has not been notified by the relevant shareholders and has not received any Corporate Substantial Shareholder Notice from the relevant shareholders.

Save as disclosed above, as at 30 September 2012, the Directors, Supervisors and chief executives of the Company were not aware of any person (other than the Directors, Supervisors and chief executives of the Company) who had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors, the Supervisors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an interest in any business which competes or may compete, directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

AUDIT COMMITTEE

An audit committee of the Company (the "Audit Committee") was established on 4 April 2003 with terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 30 September 2012, the Audit Committee comprised of Mr. Chen Ji and Professor Gong Shuxi, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. The Group's unaudited consolidated results for the nine months ended 30 September 2012 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the nine months ended 30 September 2012, the Company has complied with the requirements of the code provisions as set out in Appendix 15 (Corporate Governance Code and Corporate Governance Report) of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2012, the Company adopted a code of conduct regarding securities transactions by Directors on terms which are same as the required standard of dealings as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard for dealings and the code of conduct regarding securities transactions by the Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2012.

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

Xi'an, the PRC, 9 November 2012

As at the date of this report, the Board comprises Professor Xiao Liangyong (肖良勇教授), Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Liu Ruixuan (劉瑞軒先生), Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閆鋒先生) and Mr. Xie Yiqun (解益群先生) being non-executive Directors; and Professor Gong Shuxi (龔書喜教授), Mr. Chen Ji (陳繼先生) and Mr. Qiang Wenyu (強文郁先生) being independent non-executive Directors.

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