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西安海天天綫科技股份有限公司  
**XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD.\***

*(formerly known as 西安海天天實業股份有限公司 (Xi'an Haitiantian Holdings Co., Ltd. \*))*

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8227)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

Reference is made to the announcements of Xi'an Haitian Antenna Technologies Co., Ltd.\* (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 9 August 2019 and 13 August 2019 in relation to the interim results announcement and the interim report for the six months ended 30 June 2019 of the Company respectively (the “**2019 Interim Results and Report**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide additional information in relation to a balance of prepayment of approximately RMB46.87 million as at 30 June 2019 (the “**Balance of Prepayment**”) which was included in the deposits, other receivables and prepayments in the condensed consolidated statement of financial position, and segment assets under sales of construction related products in the note 3 to the condensed consolidated financial statements of 2019 Interim Results and Report.

Additional information in relation to the Balance of Prepayment is as follows:

**THE CONTRACT IN RELATION TO THE BALANCE OF PREPAYMENT**

As described in the annual report for the year ended 31 December 2018 of the Company, the Group's key work in 2019, based on the antennas developed by the Group which are characterised by broadband, high gain, light weight and multi-user intervention, would mainly continue to develop a series of antennas products in different frequency bands and with new materials which are characterised by new broadband, multiple-beam, high gain and full-angle coverage and could be widely used in a variety of industries including 5G mobile communication, wireless local area network (W-LAN), unmanned vehicles, automotive electronics and internet of things (IoTs). The 2019 Interim Results and Report also disclosed that the Group actively carried out pre-sales work and market promotion of relevant mobile communication products, including participation in various industry exhibitions and field work testing with telecommunication operators and integrators, in order to establish market foundation with high-quality product performance and technical specifications.

In line with the pre-sales work and market promotion in 2019, some 5G products were produced to potential customers for testing and technical demonstration purposes, as well as expected forthcoming sales activities. One of the products (the “**Product**”) was arranged to be provided by a supplier (the “**Supplier**”) in accordance with required technical specifications, and the contract was signed on 14 January 2019 on normal purchase terms with the total purchase price of RMB48 million (the “**Contract**”). Pursuant to the terms of the Contract, the Group has to prepay the total purchase price of RMB48 million (the “**Prepayment**”) within 5 days after signing the Contract and the Supplier has to deliver the Product before 15 April 2019. If the Product cannot be delivered on time or fails to meet the required technical specifications, the Supplier will need to refund the Prepayment and pay liquidated damages.

## **TERMINATION OF THE CONTRACT AND THE BALANCE OF PREPAYMENT**

The Product was delivered before 15 April 2019 but failed to meet the required technical specifications after subsequent examination and the Group informed the Supplier before 15 May 2019 for replacement under the terms of the Contract. Although the Product was replaced before 22 May 2019, the required technical specifications were still not met. The Group confirmed that the Product was a defective product and notified the Supplier to terminate the Contract on 31 May 2019 under the terms of Contract. The Supplier replied to the Group on 10 June 2019 and the negotiation for the termination of Contract was began.

The Group and the Supplier reached a consensus on 17 June 2019 that the Prepayment together liquidated damages of approximately RMB3.06 million should be returned by the Supplier to the Company within one month. Parts of the Prepayment of approximately RMB1.13 million were received before 30 June 2019 and the Balance of Prepayment and liquidated damages were received on and before 17 July 2019 by the Group.

Accordingly, the Balance of Prepayment was included in the deposits, other receivables and prepayments in the condensed consolidated statement of financial position of 2019 Interim Results and Report.

## **REPORTABLE AND OPERATING SEGMENT INFORMATION**

Pursuant to the terms of the Contract, the Group was required to made the Prepayment within 5 days after signing the Contract that, based on available cash flow at that time, the Group decided to allocate the funds from the operating segment of sales of construction related products for the Prepayment. Nevertheless, the Contract and the Prepayment was still reported under the operating segment of sales of antennas products and related services as they are related to antennas business.

Until the Contract was agreed to be terminated in June 2019, the Prepayment would be no longer for the use of the operating segment of sales of antennas products and related services. Based on the expected use of the Prepayment, the Group informed the Supplier to return the Prepayment directly to the operating segment of sales construction related products. Accordingly, the Balance of Prepayment, on the basis of its expected use, included in segment assets under sales of construction related products in the note 3 to the condensed consolidated financial statements of 2019 Interim Results and Report.

## IMPACT OF TERMINATION OF THE CONTRACT

The Product was used for testing and technical demonstration purposes, and large-scale network construction work has not yet been carried out by telecommunication operators, the termination of Contract did not have a significant impact on sales and operations of the Group. The interests of the Group and the shareholders of the Company were protected by the terms of liquidated damages of approximately RMB3.06 million which were received on and before 17 July 2019.

## IMPLICATIONS UNDER THE GEM LISTING RULES

The Contract was signed on normal purchase terms and of a revenue nature in the ordinary and usual course of business, and all transactions and arrangements with the Supplier were implemented in accordance with the terms of Contract. The Board considers that the Contract, the Prepayment and the Balance of Prepayment did not constitute any notifiable transaction, advances to an entity or financial assistance to an entity under the Rules Governing the Listing of Securities on GEM (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

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

Xi’an, the People’s Republic of China, 16 September 2019

*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. Zuo Hong (左宏先生), Ms. Huang Jing (黃婧女士) and Mr. Yan Weimin (燕衛民先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Professor Shi Ping (師萍教授), Mr. Tu Jijun (涂繼軍先生) and Professor Lei Zhenya (雷振亞教授) being independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

*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