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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.*

(A joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8227)

CONTINUING CONNECTED TRANSACTION

Financial adviser to the Company



The Board wishes to announce that, on 6 July 2006, the Company has entered into the Lease Agreement with the Landlord, pursuant to which the Company agreed to rent the Land for a term of three years at an annual rental of RMB2,635,271 (equivalent to approximately HK\$2,558,848).

The Landlord is a connected person of the Company under the GEM Listing Rules. Therefore the Lease Agreement constitutes a continuing connected transaction of the Company.

The entering into of the Lease Agreement is only subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and is exempt from independent shareholders' approval requirements under the GEM Listing Rules.

THE LEASE AGREEMENT

The Board wishes to announce that, on 6 July 2006, the Company, as tenant, has entered into the Lease Agreement with 西安海天投資控股有限責任公司 (Xi'an Haitian Investment Holdings Limited*), as landlord, pursuant to which the Company agreed to rent a piece of land at 西安高新區丈八四路與錦業路交叉口西南角 (Southwestern corner of Xi'an Gaoxin District Zhang Ba Si Road and Jinye Road*) in the PRC with the following details:

Date : 6 July 2006

Parties : (i) the Landlord; and
(ii) the Company

Premise	:	A piece of land with total usable area of 102,619.6 sq.m. at 西安高新區丈八四路與錦業路交叉口西南角 (Southwestern corner of Xi'an Gaoxin District Zhang Ba Si Road and Jinye Road*) in the PRC
Term	:	Three years commencing from 16 June 2006 and expiring on 15 June 2009 (both dates inclusive)
Rental	:	RMB2,635,271 (equivalent to approximately HK\$2,558,848) per annum, which will also be the annual cap for the continuing connected transaction of the Company during the three years term of Lease Agreement.

CONTINUING CONNECTED TRANSACTION

The Landlord is a connected person of the Company within the meaning of the GEM Listing Rules by virtue of its being owned as to 75% by 肖兵先生 (Mr. Xiao Bing), a Director and substantial Shareholder, 5% by 梁志軍先生 (Mr. Liang Zhijun), a Director, 5% by 方曦先生 (Mr. Fang Xi), the financial controller of the Company, and the remaining 15% by Independent Third Parties. Accordingly, the Lease Agreement constitutes continuing connected transaction for the Company under the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the Lease Agreement on an annual basis is less than 2.5%, the entering into of the Lease Agreement is only subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and is exempt from independent shareholders' approval requirements under the GEM Listing Rules. Details of the transaction will be included in the next published annual report and accounts of the Company.

REASONS FOR THE TRANSACTION

The Company intends to use the Land to relocate and expand its production facility, research and development centre and office buildings. The Company considers such relocation necessary owing to changes in the development planning of the vicinity situated the current plant of the Company, which affects the production and testing of the Group's antennas and related products. The Company has surveyed the Land and considered that it satisfies the requirements of the Company for the above purpose.

The annual rental payable under the Lease Agreement has been determined after arm's length negotiations between the parties with reference to the current market rent in the vicinity. The Directors, including the independent non-executive Directors, considers that the terms of the Lease Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The Company intends to satisfy the rent payable under the Lease Agreement with internal resources of the Company.

The Company intends to renew the Lease Agreement upon its expiry after three years.

GENERAL INFORMATION

The Company is a high-technology enterprise principally engaged in the research and development, manufacture and sale of base station antennas and related products. In connection with such principal business, the Company also provides technical support, system integration and installation services of base station antennas. The Company provides products and services to corporate clients comprising PRC's mobile communication network operators and mobile communication equipment vendors/system integrators.

The Landlord is principally engaged in investment holding activities. As at the date of this announcement, the Land is the only investment held by the Landlord.

DIRECTORS

As at the date of this announcement, the Board comprises 肖兵先生 (Mr. Xiao Bing), 梁志軍先生 (Mr. Liang Zhijun) and 周天游先生 (Mr. Zhou Tianyou) being executive Directors; 王科先生 (Mr. Wang Ke), 劉永強先生 (Mr. Liu Yongqiang), 王全福先生 (Mr. Wang Quanfu), 王京女士 (Ms. Wang Jing) and 李文琦先生 (Mr. Li Wenqi) being non-executive Directors; and 龔書喜教授 (Professor. Gong Shuxi), 王鵬程先生 (Mr. Wang Pengcheng) and 強文郁先生 (Mr. Qiang Wenyu) being independent non-executive Directors.

DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Xi’an Haitian Antenna Technologies Co., Ltd., a joint stock limited company incorporated in the PRC and the H shares of which are listed on GEM
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent third party(ies) which is(are) not connected persons of the Company (as defined in the GEM Listing Rules)
“Land”	a piece of land with total useable area of 102,619.6 square meters at 西安高新區丈八四路與錦業路交叉口西南角 (Southwestern corner of Xi’an Gaoxin District Zhang Ba Si Road and Jinye Road*) in the PRC owned by the Landlord
“Landlord”	西安海天投資控股有限責任公司 (Xi’an Haitian Investment Holdings Limited*), a company incorporated in the PRC
“Lease Agreement”	the agreement for the lease of the Land dated 6 July 2006 entered into between the Company and the Landlord
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre

For the purpose of illustration only, RMB to HK\$ is translated at a rate of RMB1.000 = HK\$0.971. No representation is made that any amounts in RMB could have been or could be converted at such rate or any other rates or at all.

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

Xi’an, the PRC, 6 July 2006

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: (1) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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* For identification purposes only