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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)

**PROPOSED PLACING OF PLACING SHARES
AND
SPECIFIC MANDATE TO ISSUE NEW H SHARES**

Financial Adviser to the Company



匯金（資本）有限公司
Vision Finance (Capital) Limited

Joint Placing Agents



匯金（證券）有限公司
Vision Finance (Securities) Limited



SUMMARY

The Placing

On 2 March 2007, the Company and the Joint Placing Agents entered into the non-binding Preliminary Placing Agreement, pursuant to which the Joint Placing Agents have agreed in principle to severally procure places to subscribe for and purchase an aggregate of not more than 177,941,177 Placing Shares at the Placing Price on a best effort basis upon the terms and conditions of the Definitive Placing Agreement.

The Placing Shares represent approximately 27.5% of the existing issued share capital of the Company and 22.0% of the issued share capital of the Company as enlarged by the Placing (assuming that the maximum number of the Placing Shares have been issued and sold).

* For identification purposes only

The Placing Price will be determined upon execution of the Definitive Placing Agreement, with reference to the average of the closing price of the H Shares for the 15 consecutive trading days before the date of execution of the Definitive Placing Agreement, subject to a discount of not more than 20% but the Placing Price should not in any event be less than the net asset value per H Share based on the Company's latest published audited net assets.

Based on the maximum number of the New H Shares of 161,764,706 to be issued under the Placing and the indicative placing price of approximately HK\$0.32 per New H Share (being a discount of 20% to the average closing price of the H Share as quoted on GEM for the 15 consecutive trading days ended on 2 March 2007), the gross proceeds from the placing of the New H Shares are estimated to be approximately HK\$51.76 million.

Investors should note that final amount of fund raised will only be ascertained upon execution of the Definitive Placing Agreement.

The Specific Mandate

The New H Shares will be issued pursuant to the Specific Mandate. The Class Meetings and the EGM will be convened to consider and, if thought fit, approve, among other things, the grant of the Specific Mandate and the Placing and to authorise the Board to determine and deal with at its discretion and with full authority, matters relating thereto (including but not limited to the specific timing of the Placing, final number of New H Shares to be issued, pricing mechanism, final Placing Price and the number and proportion of Placing Shares to be issued and sold to each placee).

General

The Company will despatch to the Shareholders a circular, together with notices of the EGM and the Class Meetings as soon as practicable. Such circular will contain, among other things, further information on the Placing and notices of the EGM and the Class Meetings for the purpose of approving, among other things, (i) the Placing; and (ii) the Specific Mandate.

Investors should be aware that the Company may or may not proceed further with the Placing and execute the Definitive Placing Agreement. Even if the Definitive Placing Agreement is executed, the Placing is expected to be subject to the satisfaction of a number of conditions to be agreed by, inter alia, the Company and the Joint Placing Agents. Investors are advised to exercise caution when dealing in the H Shares.

Trading in the H Shares was suspended from 9:30 a.m. on 5 March 2007 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading of the H Shares from 9:30 a.m. on 6 March 2007.

PRELIMINARY PLACING AGREEMENT

Date:

2 March 2007

Parties:

- (1) The Company
- (2) Vision Finance Securities; and
- (3) SBI Crosby

Number of Placing Shares:

An aggregate of not more than 177,941,177 Placing Shares, representing approximately 27.5% of the existing issued share capital of the Company and 22.0% of the issued share capital of the Company as enlarged by the Placing (assuming that the maximum number of the Placing Shares have been issued and sold), will be severally placed by the Joint Placing Agents on a best effort basis upon the terms of the Definitive Placing Agreement. The 177,941,177 Placing Shares comprise not more than 161,764,706 New H Shares and not more than 16,176,471 Sale H Shares to be converted from equal number of State-owned Domestic Shares. The 161,764,706 New H Shares represent approximately 25.0% of the existing issued share capital of the Company and 20.0% of the issued share capital of the Company as enlarged by the Placing. The 16,176,471 Sale H Shares represent approximately 2.5% of the existing issued share capital of the Company and 2.0% of the issued share capital of the Company as enlarged by the Placing.

Placees:

It is intended that the Placing Shares will be placed to not less than 6 but not more than 50 independent professional, institutional and/or individual investors who are independent of and not connected with any of the promoters, directors, supervisors, chief executives, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates.

The Company and the Joint Placing Agents will ensure that no new substantial Shareholder will be introduced as a result of the Placing.

Placing Price:

The Placing Price will be determined upon execution of the Definitive Placing Agreement, with reference to the average of the closing price of the H Shares for the 15 consecutive trading days before the date of execution of the Definitive Placing Agreement, subject to a discount of not more than 20% but the Placing Price should not in any event be less than the net asset value per H Share based on the Company's latest published audited net assets.

Subject to the fulfillment of the conditions set forth in the paragraph headed “Conditions of the Preliminary Placing Agreement” below and the Company and the Joint Placing Agents agreeing on the terms of the Definitive Placing Agreement, it is expected that the Definitive Placing Agreement will be executed as soon as practicable after the fulfillment of such conditions. The Definitive Placing Agreement will set out the definitive terms of the Placing, including the Placing Price. The Company will make further announcement(s) in relation to the Placing, including the major terms of the Definitive Placing Agreement, as and when necessary in accordance with the GEM Listing Rules.

Conditions of the Preliminary Placing Agreement:

The Company and the Joint Placing Agents shall execute the Definitive Placing Agreement on a date to be agreed between them after the following conditions have been fulfilled:

- (1) the obtaining of the necessary approval of the shareholders of the Company for the issue of the New H Shares and the sale of the Sale H Shares in accordance with the Company’s articles of association and the applicable laws and regulations; and
- (2) the obtaining of all necessary consents and approvals of the relevant regulatory authorities in the PRC and Hong Kong for the issue of the New H Shares and the sale of the Sale H Shares, including the approval of the CSRC and the SASAC, if applicable.

Termination:

The Preliminary Placing Agreement will lapse and has no effect on the date falling 6 months after the approval of the CSRC for the issue of the New H Shares and the sale of the Sale H Shares has been obtained. In such event no party to the Preliminary Placing Agreement shall have any claims against the other for any loss or damages.

There are no provisions in the Preliminary Placing Agreement which impose any obligation on the Company to sign the Definitive Placing Agreement or complete the Placing within a specific period of time.

Binding effect:

The Company and the Joint Placing Agents agree that (i) the Preliminary Placing Agreement is not a legally binding agreement; (ii) the failure to execute and deliver the Definitive Placing Agreement shall impose no liability on the parties to the Preliminary Placing Agreement; and (iii) upon the termination of the Preliminary Placing Agreement, none of the parties to the Preliminary Placing Agreement shall have any further obligations thereunder. Until execution and delivery of the Definitive Placing Agreement, any party to the Preliminary Placing Agreement shall have the absolute right to terminate all negotiations for any reason without liability therefor, and shall have no liability whatsoever.

INDEPENDENCE OF THE JOINT PLACING AGENTS AND PLACEES

The Joint Placing Agents are, and the placees and their respective ultimate beneficial owners to be procured by them under the Placing will be, independent of and not connected with any of the promoters, directors, supervisors, chief executives, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates.

RANKING OF PLACING SHARES

The New H Shares and the Sale H Shares, when issued/sold and fully paid, will rank pari passu in all respects among themselves and with the existing H Shares in issue, including the right to receive all future dividends and distributions which may be declared, made or paid after the date of issue of the New H Shares and sale of the Sale H Shares.

APPLICATION FOR LISTING

The Company will apply to the GEM Listing Committee for the listing of and permission to deal in the Placing Shares.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any fund raising exercise in the past 12 months preceding the date of this announcement.

POSSIBLE CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

Pursuant to the State-owned Shares Reduction Regulations, the holders of State-owned Domestic Shares have to transfer such amount of State-owned Domestic Shares which is equivalent to 10% of the amount to be raised by the issue of the New H Shares. As at the date of this announcement, XITIC, BJ Holdings and Shaanxi Silk are holders of State-owned Domestic Shares. Pursuant to the State-owned Shares Reduction Regulations, XITIC, BJ Holdings and Shaanxi Silk shall convert in aggregate not more than 16,176,471 State-owned Domestic Shares into Sale H Shares.

As advised by the PRC legal adviser of the Company, the Domestic Shares currently held by XITIC shall not be State-owned Domestic Shares in accordance with the relevant PRC regulations, and XITIC shall apply for confirmation of change of status of its Domestic Shares with the relevant PRC government authority. As informed by Shaanxi Silk, it has entered into an agreement to transfer all its Domestic Shares to Shenzhen Huitai, and such transfer has been approved by SASAC on 29 November 2006. As advised by the PRC legal adviser of the Company, the transfer will be effective upon approval by the Ministry of Commerce of the PRC and completion of the registration procedures with the Shaanxi Provincial Administration of Industry and Commerce. If XITIC obtains the aforesaid confirmation of change of status and Shaanxi Silk completes the transfer of its Domestic Shares prior to the completion of the Placing, XITIC and Shenzhen Huitai will not convert any of their Domestic Shares into H Shares and BJ Holdings shall convert not more than 16,176,471 State-owned Domestic Shares into Sale H Shares.

For reference and illustrative purposes only, assuming that (i) the maximum number of the Placing Shares, that is, 177,941,177 Placing Shares, are issued and sold under the Placing, (ii) the transfer of all Domestic Shares held by Shaanxi Silk to Shenzhen Huitai becomes effective and XITIC receives confirmation of change of status of its Domestic Shares from the relevant PRC government authority, (iii)

BJ Holdings converts 16,176,471 State-owned Domestic Shares into Sale H Shares, and (iv) there are no other changes in respect of the shareholding structure of the Company prior to the completion of the Placing, the share capital and the shareholding structure of the Company immediately before and after completion of the Placing will be as follows:

Holders of Domestic Shares or H Shares	Immediately before completion of the Placing		Immediately after completion of the Placing	
	Number of shares	%	Number of shares	%
<i>Domestic Shares</i>				
Xi'an Tian An Investment Company Limited*	180,000,000	27.82	180,000,000	22.25
Xi'an Jiefang Group Joint Stock Co., Ltd.*	100,000,000	15.45	100,000,000	12.36
XITIC	70,151,471	10.84	70,151,471	8.67
BJ Holdings	54,077,941	8.36	37,901,470	4.69
Shenzhen Huitai (<i>Note</i>)	45,064,706 (<i>Note</i>)	6.96	45,064,706 (<i>Note</i>)	5.57
Xi'an Zhengheng Investment & Advisory Co., Ltd.*	15,000,000	2.32	15,000,000	1.85
Wu Chi Yan	10,000,000	1.55	10,000,000	1.24
Chen Xiao Bin	6,000,000	0.93	6,000,000	0.74
Shaanxi Mengde Intellectual Property Industry Development Co., Ltd.*	5,000,000	0.77	5,000,000	0.62
<i>H Shares</i>				
Public	161,764,706	25.00	161,764,706	20.00
Places – Public	–	–	177,941,177	22.00
	<u>647,058,824</u>	<u>100.00</u>	<u>808,823,530</u>	<u>100.00</u>

Note: On 29 November 2006, SASAC approved the transfer of the 45,064,706 Domestic Shares held by Shaanxi Silk to Shenzhen Huitai, an independent third party not connected with the promoters, the directors, the supervisors, the chief executive, the substantial or the management shareholders of the Company and its subsidiaries or any of their associates. However, the approval by the Ministry of Commerce of the PRC has not been obtained and the registration procedures with the Shaanxi Provincial Administration of Industry and Commerce have not been completed on the date of this announcement.

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REASONS FOR THE PLACING AND PROPOSED USE OF PROCEEDS

The Group is 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.

As stated in the third quarterly report of the Company for the nine months ended 30 September 2006, the Group will continue to enhance its product portfolio and to participate in various 3G network trials and testing, in order to prepare for the launch of 3G commercial application. It is expected that the PRC government will build more TD-SCDMA networks for testing the 3G technology platform in 2007 with an aim to prepare for future commercialisation of the self-developed standard before 2008 Olympic games are held. In response to the business opportunities expected to be arisen from the official launch of 3G in the PRC, the Directors expect that additional funding will be required to develop new products with an aim to achieve product diversification and to increase competitiveness in the market.

Based on the maximum number of the New H Shares of 161,764,706 to be issued under the Placing and the indicative placing price of approximately HK0.32 per New H Share (being a discount of 20% to the average closing price of the H Share as quoted on GEM for the 15 consecutive trading days ended on 2 March 2007), the gross proceeds from the placing of the New H Shares are estimated to be approximately HK\$51.76 million.

It is intended that the net proceeds from the placing of the New H Shares will be applied as follows:

- as to approximately 48% for further investment in production of TD-SCDMA products;
- as to approximately 15% for further empowering of the Group's research and development capabilities in order to enhance its product portfolio for existing business;
- as to approximately 8% for expansion of international market;
- as to approximately 14% for repayment of bank loans of the Group; and
- as to approximately 15% to be used as the general working capital of the Group.

Investors should note that final amount of fund raised will only be ascertained upon execution of the Definitive Placing Agreement.

The Directors consider that the Placing represents a good opportunity for the Company to raise further funding for expanding its operation and also broaden its shareholder and capital bases. The Directors, including the independent non-executive Directors, believe that the terms of the Preliminary Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

SPECIFIC MANDATE

The New H Shares will be issued pursuant to the Specific Mandate. The Class Meetings and the EGM will be convened to consider and, if thought fit, approve, among other things, the grant of the Specific Mandate and the Placing and to authorise the Board to determine and deal with at its discretion and with full authority, matters relating thereto (including but not limited to the specific timing of the Placing, final number of New H Shares to be issued, pricing mechanism, final Placing Price and the number and proportion of Placing Shares to be issued and sold to each placee). It is proposed that Specific Mandate is for the period from the passing of the relevant resolutions at the EGM and the Class Meetings up to the earliest of (i) the expiration of a 12-month period following the passing of the relevant resolutions at the EGM and the Class Meetings; or (ii) the revocation or variation of the Specific Mandate by special resolution(s) of the Shareholders in a general meeting or class meeting.

Since no Shareholders or their respective associates has any interests in the Placing (other than through their interests in the Company), accordingly, no Shareholders is required to abstain from voting at the EGM and the Class Meetings under the GEM Listing Rules.

GENERAL

The Company will despatch to the Shareholders a circular, together with notices of the EGM and the Class Meetings as soon as practicable. Such circular will contain, among other things, further information on the Placing and notices of the EGM and the Class Meetings for the purpose of approving, among other things, (i) the Placing; and (ii) the Specific Mandate.

Vision Finance Capital has been appointed by the Company as the financial adviser to the Company, and Vision Finance Securities and SBI Crosby have been appointed as the Joint Placing Agents in relation to the Placing.

Investors should be aware that the Company may or may not proceed further with the Placing and execute the Definitive Placing Agreement. Even if the Definitive Placing Agreement is executed, the Placing is expected to be subject to the satisfaction of a number of conditions to be agreed by, inter alia, the Company and the Joint Placing Agents. Investors are advised to exercise caution when dealing in the H Shares.

Trading in the H Shares was suspended from 9:30 a.m. on 5 March 2007 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading of the H Shares from 9:30 a.m. on 6 March 2007.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“associate”	has the meaning as defined in the GEM Listing Rules
“BJ Holdings”	北京京泰投資管理中心 (Beijing Holdings Investment Management Co., Ltd.*), a State-owned enterprise established in the PRC

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“Board”	the board of Directors
“Class Meetings”	separate meetings of the holders of H Shares and Domestic Shares
“Company”	西安海天天綫科技股份有限公司 (Xi’an Haitian Antenna Technologies Co., Ltd.*), a joint stock company incorporated in the PRC and whose H Shares are listed on GEM
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission), the regulatory body responsible for the supervision and regulation of the PRC national securities market
“Definitive Placing Agreement”	the definitive placing agreement in relation to the Placing in a form to be agreed and to be entered into by, among other parties (if any), the Company and the Joint Placing Agents
“Directors”	the directors of the Company
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, among other things, (i) the Placing; and (ii) the Specific Mandate
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of the Stock Exchange with responsible for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in HK\$
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Joint Placing Agents”	Vision Finance Securities and SBI Crosby
“New H Shares”	not more than 161,764,706 new H Shares to be issued under the Placing at the Placing Price
“Placing”	the possible placing of the Placing Shares
“Placing Shares”	the New H Shares and the Sale H Shares

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“Placing Price”	the placing price per New Placing H Share to be agreed by the Company and the Joint Placing Agents upon the execution of the Definitive Placing Agreement
“Preliminary Placing Agreement”	the non-binding preliminary placing agreement dated 2 March 2007 and entered into between the Company and the Joint Placing Agents in relation to the Placing
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale H Shares”	such number of H Shares to be converted from the equivalent number of State-owned Domestic Shares pursuant to the requirements under the State-owned Shares Reduction Regulations and to be sold at the Placing Price under the Placing
“SASAC”	中國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC)
“SBI Crosby”	SBI Crosby Limited, a corporation licensed to conduct types 1 and 6 regulated activities under the SFO and one of the Joint Placing Agents in relation to the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified and supplemented from time to time
“Shannxi Silk”	陝西省絲綢進出口公司 (Shaanxi Silk Import and Export Corporation*)
“Shareholders”	holders of the Domestic Shares and the H Shares
“Shares”	Domestic Shares and H Shares
“Shenzhen Huitai”	深圳市匯泰投資發展有限公司 (Shenzhen Huitai Investment Development Company Limited*), a non State-owned enterprise established in the PRC
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM and the Class Meetings to issue the New H Shares
“State-owned Shares Reduction Regulations”	減持國有股籌集社會保障資金管理暫行辦法 (the Provisional Administrative Measures for the Reduction of State-owned Shares and the Raising of the Social Security Fund) promulgated by 中國國務院 (the State Council of the PRC) on 12 June 2001

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vision Finance Capital”	Vision Finance (Capital) Limited, a licensed corporation to carry out type 6 regulated activity under the SFO and the financial adviser to the Company
“Vision Finance Securities”	Vision Finance (Securities) Limited, a corporation licensed to conduct type 1 regulated activity under the SFO and one of the Joint Placing Agents in relation to the Placing
“XITIC”	西安國際信託投資有限公司 (Xi’an International Trust & Investment Co., Ltd.*)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

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

Xi’an, the PRC 5 March 2007

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 respects 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.

The announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication.

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