

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISPOSAL OF LAND AND PROPERTIES
AND
CHANGE IN SHAREHOLDING STRUCTURE

DISPOSAL OF LAND AND PROPERTIES

On 28 May 2007, the Company entered into the Agreement as vendor with the Land Reservation Center as purchaser to dispose of the Land and the Properties at the aggregate consideration of approximately RMB40.88 million.

The Disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders in accordance with the GEM Listing Rules as soon as practicable.

CHANGE IN SHAREHOLDING STRUCTURE

On 25 April 2007, the Ministry of Finance of the PRC issued a confirmation to endorse the decision of the Bureau of Finance of Shaanxi Province that the status of 70,151,471 Domestic Shares held by XITIC, representing approximately 10.84% of the existing issued share capital of the Company, shall be changed from State-owned Domestic Shares (國有法人股) to Social-owned Domestic Shares (社會法人股).

On 13 May 2007, the transfer to Shenzhen Huitai of in aggregate 75,064,706 Domestic Shares, representing approximately 11.6% of the existing issued share capital of the Company, was approved by the Ministry of Commerce of the PRC on 29 April 2007 and registered with Shaanxi Provincial Administration of Industry and Commerce on 13 May 2007.

* For identification purposes only

THE AGREEMENT

Date : 28 May 2007

Vendor : The Company

Purchaser : The Land Reservation Center

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Land Reservation Center is an Independent Third Party.

Land : A parcel of land located at No. 36 Gao Xin Liu Road, Xi'an National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC with a site area of approximately 29,401.98 sq.m. for a land use right of 50 years up to 4 August 2050.

Properties : 16 buildings, structures and ancillary facilities erected on the Land with a construction area of 17,639.17 sq.m.

Consideration : The Land: approximately RMB12.73 million.

The Properties: approximately RMB28.16 million.

The consideration for the Land was agreed after arm's length negotiations between the Company and the Land Reservation Center with reference to the standard on the price of industrial land per site area published by the Ministry of Land and Resources of the PRC for RMB384 per sq.m. The consideration for the Properties was agreed between the Company and the Land Reservation Center with reference to the valuation of the Properties of RMB28.16 million as at 21 May 2007 made by Shaanxi Huadi Real Estate Appraisal and Consulting Co., Ltd. (陝西華地房地產估價諮詢有限公司), an independent property valuer jointly appointed by the Company and the Land Reservation Center.

Payment of Consideration : The consideration shall be paid in cash as follows:

1. RMB5 million shall be paid to the Company on the effective date of the Agreement;
2. RMB35 million shall be paid to the Company within the second day following (i) the cancellation of the registration of the mortgages in respect of the Land and the Properties and the delivery of evidence of the cancellation to the Land Reservation Center; and (ii) the cancellation of the relevant State-owned Land Use Rights Certificate and Building Ownership Certificates and the delivery of evidence of the cancellation to the Land Reservation Center; and

3. RMB0.88 million shall be paid to the Company upon the delivery of possession of the buildings, structures and ancillary facilities erected on the Land.

Delivery of Possession : The Company shall deliver possession of the Properties within 60 days from the effective date of the Agreement.

INFORMATION ON THE GROUP AND THE LAND RESERVATION CENTER

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.

The Land Reservation Center is a subordinate center under the Administrative Committee responsible for the formulation of policies and delegated by land administrative authorities with matters relating to collective resumption of lands, demolitions, relocations and settlements in XHDZ. The Administrative Committee is a local government body regulating XHDZ.

REASONS FOR THE DISPOSAL

The Group entered into a State-owned Land Use Right Grant Contract with the Administrative Committee in August 2000 to acquire a site located at No. 36 Gao Xin Liu Road, Xi'an National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC with a site area of approximately 32,001.98 sq.m. at a consideration of approximately RMB12.43 million. Built on the site is the Company's industrial complex with transportation and communication facilities, comprising a research and development building and the Properties.

There have been changes in the development planning of area where the Land situated and the vicinity in XHDZ. On the other hand, the Company intends to redeploy its assets and properties with a view to improving liquidity and consolidating its financial position. Under such background, the Company negotiated and entered into the Agreement with the Land Reservation Center for the disposal of the Land and the Properties.

After the Disposal, the Company retained a site with a site area of 2,600 sq.m. and the ownership of the research and development building erected thereon. The Company plans to relocate its production facilities and offices to the parcel of land at southwestern corner of crossroad of Zhangbasi Road and JinYE Road, Xi'an Gao Xin District with a site area of approximately 102,619.6 sq.m. Such parcel of land was leased by the Company for a term of three years commencing from 16 June 2006 and expiring on 15 June 2009 at the annual rental of RMB2,635,271. Please refer to the announcement of the Company dated 6 July 2006 for details of the lease agreement.

The Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

With reference to the audited account of the Group for the year ended 31 December 2006, the net book value of the Land and the Properties were approximately RMB10.44 million and approximately RMB26.20 million as at 31 December 2006 respectively. It is estimated that the Disposal will result in a book profit of approximately HK\$4.24 million with reference to the net book value of the Land and the Properties as at 31 December 2006 (before expenses) for the financial year ending 31 December 2007.

USE OF PROCEEDS

The proceeds of approximately RMB40.88 million from the Disposal, after deducting expenses arising therefrom for approximately RMB1.53 million, will be used as to approximately RMB24 million for repayment of bank loans and the balance for approximately RMB15.35 million will be used as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders in accordance with the GEM Listing Rules as soon as practicable.

CHANGE IN SHAREHOLDING STRUCTURE

Reference is made to the announcement and the circular of the Company dated 5 March 2007 and 15 March 2007 respectively regarding the Proposed Placing.

On 25 April 2007, the Ministry of Finance of the PRC issued a confirmation to endorse the decision of the Bureau of Finance of Shaanxi Province that the status of 70,151,471 Domestic Shares held by XITIC, representing approximately 10.84% of the existing issued share capital of the Company, shall be changed from State-owned Domestic Shares (國有法人股) to Social-owned Domestic Shares (社會法人股). As a result, XITIC will not be required to convert any of its Domestic Shares into H Shares if the Proposed Placing proceeds.

On 13 May 2007, the transfer to Shenzhen Huitai of (i) 45,064,706 Domestic Shares by Shaanxi Silk; (ii) 15,000,000 Domestic Shares by 西安正衡投資諮詢有限公司 (Xi'an Zhengheng Investment & Advisory Co., Ltd.*); (iii) 10,000,000 Domestic Shares by 吳墀衍 (Wu Chi Yan); and (iv) 5,000,000 Domestic Shares by 陝西門德知識產業開發有限責任公司 (Shaanxi Mengde Intellectual Property Industry Development Co., Ltd.*), in aggregate representing approximately 11.6% of the existing issued share capital of the Company, was approved by the Ministry of Commerce of the PRC on 29 April 2007 and registered with Shaanxi Provincial Administration of Industry and Commerce on 13 May 2007. Shenzhen Huitai will not be required to convert any of its Domestic Shares into H Shares if the Proposed Placing proceeds.

The shareholding structure of the Company as at the date of this announcement is set forth below:

Name of Shareholders	Number of Shares	Approximate Percentage
Domestic Shares		
Tian An Investment	180,000,000	27.82%
Jiefang Group	100,000,000	15.45%
Shenzhen Huitai	75,064,706	11.60%
XITIC	70,151,471	10.84%
BJ Holdings	54,077,941	8.36%
Chen Xiao Bin (陳曉濱)	6,000,000	0.93%
H Shares		
Public	<u>161,764,706</u>	<u>25%</u>
	<u><u>647,058,824</u></u>	<u><u>100%</u></u>

DEFINITIONS

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

“Administrative Committee”	西安高新技術開發區管理委員會 (Administration Committee of Xi’an National Hi-tech Industrial Development Zone*)
“Agreement”	the agreement dated 28 May 2007 entered into between the Company and the Land Reservation Center in relation to the Disposal
“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
“Board”	the board of Directors
“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

“Directors”	the directors of the Company
“Disposal”	the disposal of the Land and the Properties by the Company pursuant to the Agreement
“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
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“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\$
“Independent Third Party”	a party which is independent of and not connected with the Company and any of connected person (as defined under the GEM Listing Rules) of the Company
“Jiefang Group”	西安解放集團股份有限公司 (Xi’an Jiefang Group Joint Stock Co., Ltd.*), a joint stock company established in the PRC whose shares are listed on Shenzhen Stock Exchange
“Land”	a parcel of land located at No. 36 Gao Xin Liu Road, Xi’an National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the PRC with a site area of approximately 29,401.98 sq.m. for a land use right of 50 years up to 4 August 2050
“Land Reservation Center”	西安高新技術開發區土地儲備中心 (Land Reservation Center of Xi’an National Hi-tech Industrial Development Zone*)
“New H Shares”	not more than 161,764,706 new H Shares to be issued under the Proposed 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
“Properties”	16 buildings, structures and ancillary facilities erected on the Land with a construction area of 17,639.17 sq.m.

“Proposed Placing”	the proposed placing of the New H Shares and the Sale H Shares, details of which are disclosed in the announcement and the circular of the Company dated 5 March 2007 and 15 March 2007 respectively
“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 under the Proposed Placing
“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-owed enterprise established in the PRC
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tian An Investment”	西安天安投資有限公司 (Xi’an Tian An Investment Company Limited*), a limited liability company established in the PRC which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. Mr. Xiao Bing is the Chairman of the Company and an executive Director, while Ms. Yao Wenli is mother of Mr. Xiao Bing
“XHDZ”	Xi’an National Hi-tech Industrial Development Zone
“XITIC”	西安國際信託投資有限公司 (Xi’an International Trust & Investment Co., Ltd.*)
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“%”	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. Zuo Hong (左宏先生) being executive Directors; Mr. Xing Changling (杏昌靈先生), Mr. Luo Maosheng (羅茂生先生), 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. Lei Huafeng (雷華鋒先生) 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, 4 June 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.