

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)

**DISCLOSEABLE AND CONNECTED TRANSACTION –
AGREEMENT AMONG THE COMPANY, JIAZAI, HAITIAN HK AND
DATANG MOBILE**

The Company has entered into the Agreement with Jiazai, Haitian HK and Datang Mobile on 22 December 2007, pursuant to which (i) the Company agreed to acquire from Datang Mobile the Equity Interest at the consideration of approximately RMB45.46 million; and (ii) the TD-SCDMA Licence Agreement and the Manufacture Agreement were terminated.

The entering into of the Agreement constitutes a discloseable transaction for the Company under Chapter 19 the GEM Listing Rules. As Datang Mobile is interested in 35% of the equity interest of Jiazai, it is a connected person of the Company within the meaning of the GEM Listing Rules. As such, the entering into of the Agreement also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

No Shareholder would be required to abstain from voting if the Company has convened a Shareholders' meeting for the approval of the Agreement. Written approval has been obtained from Shenzhen Huitai, Tian An and Xi'an Kaiyuan. Shenzhen Huitai, Tian An and Xi'an Kaiyuan are a closely allied group of Shareholders having regarded to the factors set out in Rule 19.45 of the GEM Listing Rules and together hold 355,064,706 Domestic Shares, representing approximately 54.87% in the nominal value of the Shares. The Company has applied for a waiver from strict compliance with the requirements for approval of the Agreement at a general meeting of the Shareholders pursuant to Rule 20.43 of the GEM Listing Rules.

* For identification purpose only

THE AGREEMENT

Date

22 December 2007

Parties

The Company, Jiazai, Haitian HK and Datang Mobile

Effective Date

The Agreement shall take effect upon fulfillment of the following conditions:

- (i) the Agreement having been executed by the parties thereto;
- (ii) Datang Mobile and the Company having entered into an agreement in relation to the Acquisition;
- (iii) the obtaining of the approval of the Agreement from the board of directors of Datang Mobile; and
- (iv) the obtaining of the approval for the Agreement in general meeting of the Shareholders or the obtaining of the written approval of the Shareholders for the Agreement in accordance with the GEM Listing Rules (if required).

The form of the agreement referred to (ii) above was annexed to the Agreement, which principal terms are substantially same as the relevant terms of and formed part of the Agreement. Datang Mobile and the Company entered into the said agreement for the purpose of submission to the relevant authorities for approval.

ACQUISITION OF JIAZAI

Assets to be acquired

Reference is made to the announcement and the circular of the Company dated 16 November 2005 and 7 December 2005 respectively in relation to the establishment of Jiazai.

Pursuant to the Agreement, the Company agreed to acquire from Datang Mobile the Equity Interest, being 35% equity interest in Jiazai. Upon completion of the Acquisition, Jiazai will become a wholly owned-subsiidiary of the Company.

Consideration

The consideration for the Acquisition is approximately RMB45.46 million.

The consideration was arrived at after arm's length negotiations between the parties with reference to the valuation of Jiazai at approximately RMB122.48 million as at 30 June 2007 conducted by Shaanxi Tongren CPAs Co., Ltd.* (陝西同人有限責任會計師事務所), an independent valuer. The consideration will be paid by setting off an equivalent amount payable by Datang Mobile to Jiazai upon termination of the TD-SCDMA Technology Licence Agreement.

Conditions precedent

The Acquisition shall take effect upon fulfillment of the following conditions:

- (i) the obtaining of the approval of the Acquisition from the board of directors of Datang Mobile;
- (ii) the obtaining of the approval of the transfer of the Equity Interest from Datang Mobile to the Company from the board of directors of Jiazai;
- (iii) the obtaining of the approval of the Acquisition from regulatory authorities of Jiazai; and
- (iv) the obtaining of the approval of the Acquisition in general meeting of the Shareholders or the obtaining of the written approval of the Shareholders for the Acquisition in accordance with the GEM Listing Rules (if required).

Termination of the TD-SCDMA Technology Licence Agreement and the Manufacture Agreement

Reference is made to the announcement and the circular of the Company dated 23 August 2006 and 3 October 2006 respectively in relation to the TD-SCDMA Technology Licence Agreement and the Manufacture Agreement.

Pursuant to the Agreement, Datang Mobile and Jiazai agreed that the TD-SCDMA Technology Licence Agreement and the Manufacture Agreement shall be terminated upon the completion of the Acquisition. Datang Mobile shall return RMB60 million received under the TD-SCDMA Technology Licence Agreement, of which approximately RMB45.46 million shall be set off against the consideration payable by the Company for the Acquisition, approximately RMB10.54 million shall be set off against accounts receivable of an equivalent amount owed by Jiazai to Datang Mobile and the balance of approximately RMB4 million shall be paid by Datang Mobile to Jiazai within 10 days following the registration of the Acquisition with the Administration of Industry and Commerce.

INFORMATION ON THE PARTIES

The Company

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.

Haitian HK

Haitian HK is an investment holding company incorporated in Hong Kong and a wholly owned subsidiary of the Company.

Jiazai

Jiazai is a sino-foreign equity joint venture established and owned as to 53%, 12% and 35% by the Company, Haitian HK and Datang Mobile respectively. Jiazai has been engaged in research and development, manufacture, provision of consultancy and services in respect of TD-SCDMA systems and equipment, multi-media communication systems and wireless distribution systems.

The original acquisition cost of Datang Mobile in Jiazai comprised payment of capital contributions to Jiazai of approximately RMB45.46 million.

As at 31 December 2006, the audited consolidated net asset of Jiazai amounted to approximately RMB116,200,000. Jiazai was established on 30 December 2005, it had not recorded any profit or loss for the year ended 31 December 2005. For the year ended 31 December 2006, Jiazai recorded audited loss before tax and after tax of approximately RMB13,600,000. The financial information of Jiazai is prepared in accordance with Hong Kong Financial Reporting Standards.

Datang Mobile

Based on the information in its website, Datang Mobile, registered and established on 8 February 2002 in Beijing, the PRC, is one of the core members of Datang Telecom. Capitalizing on its research and development capability and regional advantage, Datang Mobile is mainly engaged in the production of TD-SCDMA infrastructure and terminal products and the development of relevant extended technologies and products. As extracted from its website, Datang Telecom is a large high-tech industry group focusing on the research and development, production and sales of telecommunications equipment. The flagship company of Datang Telecom is Datang Telecom Technology Co., Ltd., an enterprise established in the PRC with its shares listed on the Shanghai Stock Exchange and whose principal business includes the development, production and sale of communication equipment and the provision of related technical services in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group was informed by Datang Mobile that Datang Telecom has been undergoing a group restructuring. As part of the group restructuring, Datang Mobile intended to dispose of the Equity Interest and offered the Equity Interest to the Group.

Although 3G standard of the PRC has not been launched, the Directors still remain optimistic about the tremendous opportunities that 3G will bring to the development of the business of Jiazai and the Group will continue to focus on developing 3G related products through Jiazai.

As at the date of this announcement, the Group had contributed in aggregate RMB82.8 million in cash and approximately RMB2 million of fixed assets, and Datang Mobile had contributed in aggregate approximately RMB45.46 million in cash to the registered capital of Jiazai. Since the consideration of the Acquisition will be satisfied by setting off against part of the amount to be returned by Datang Mobile arising from the termination of the TD-SCDMA Technology Licence Agreement, the Group will not require to use its internal resources to finance the Acquisition.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The entering into of the Agreement constitutes a discloseable transaction for the Company under Chapter 19 the GEM Listing Rules. As Datang Mobile is interested in 35% of the equity capital of Jiazai, it is a connected person of the Company within the meaning of the GEM Listing Rules. As such, the entering into of the Agreement also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

No Shareholder would be required to abstain from voting if the Company has convened a Shareholders' meeting for the approval of the Agreement. Written approval has been obtained from Shenzhen Huitai, Tian An and Xi'an Kaiyuan. Shenzhen Huitai, Tian An and Xi'an Kaiyuan are a closely allied group of Shareholders having regarded to the factors set out in Rule 19.45 of the GEM Listing Rules and together hold 355,064,706 Domestic Shares, representing approximately 54.87% in the nominal value of the Shares. Tian An and Shenzhen Huitai are controlled by executive Directors of the Company, namely Mr. Xiao Bing and Mr. Zuo Hong, respectively. Professor Xiao Liangyong, father of and a party acting in concert with Mr. Xiao Bing, and Xi'an Kaiyuan are promoters of the Company since its establishment as a joint stock limited company in October 2000. Professor Xiao Liangyong is also the founder and the chairman of the Company and an executive Director. The Company has applied for a waiver from strict compliance with the requirements for approval of the Agreement at a general meeting of the Shareholders pursuant to Rule 20.43 of the GEM Listing Rules.

A circular containing, among other things, (i) details of the Agreement; (ii) the letter of recommendation from the Independent Board Committee to the Shareholders regarding the Agreement; and (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Shareholders regarding the Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Acquisition”	the acquisition of the Equity Interest by the Company from Datang Mobile
“Agreement”	the Agreement dated 22 December 2007 entered into between the Company, Jiazai, Haitian HK and Datang Mobile
“Board”	the board of Directors
“Company”	Xi'an Haitian Antenna Technologies Co.* (西安海天天綫科技股份有限公司), Ltd., a joint stock limited company incorporated in the PRC and the H Shares are listed on GEM

“Datang Mobile”	Datang Mobile Communication Equipment Co. Ltd.* (大唐移動通訊設備有限公司), established in the PRC in February 2002, is in possession of the core technology for TD-SCDMA development and is proposed to be engaged in the provision of 3G mobile communication equipment in the PRC. It is a core member of Datang Telecom
“Datang Telecom”	Datang Telecom Technology and Industry Group* (大唐電信科技產業集團), a large high-tech industry group of companies focusing on the research and development, production and sale of telecommunications equipment. Its members include Datang Mobile and Datang Telecom Technology Co., Ltd.* (大唐電信科技股份有限公司), which is a limited liability company established in the PRC with its shares listed on the Shanghai Stock Exchange and whose principal business includes the development, production and sale of communications equipment and the provision of related technical services
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB0.10 each, which are subscribed for in Renminbi
“Equity Interest”	35% equity interest owned by Datang Mobile in Jiazai
“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
“Haitian HK”	XAHT Antenna (Hong Kong) Limited, a wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shares”	overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB0.10 each, which are listed on GEM and subscribed for and traded in Hong Kong dollars
“Independent Board Committee”	a committee of the Board comprising the independent non-executive Directors who are not interested in the Agreement
“Jiazai”	Jiazai Telecommunications Equipment Company Limited
“Manufacture Agreement”	the manufacture agreement dated 30 December 2005 entered into between Jiazai and Datang Mobile

“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Shenzhen Huitai”	Shenzhen Huitai Investment Development Company Limited* (深圳匯泰投資發展有限公司), a limited liability company established in the PRC and a substantial Shareholder interested in 75,064,706 Domestic Shares, representing approximately 11.60% of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TD-SCDMA”	Time Division Synchronous Code Division Multiple Access, one of the three recognized standards for 3G technology in the world
“TD-SCDMA Technology Licence Agreement”	the technology licence agreement dated 30 December 2005 entered into between Jiazai and Datang Mobile
“Tian An”	Xi’an Tian An Investment Company Ltd.* (西安天安投資有限公司), a limited liability company established in the PRC and a substantial shareholder of the Company interested in 180,000,000 Shares, representing approximately 27.81% of the Company’s issued share Capital
“Xi’an Kaiyuan”	Xi’an Kaiyuan Holding Group Company Limited* (西安開元控股集團股份有限公司) (formerly known as Xi’an Jiefang Group Joint Stock Co. Ltd.* (西安解放集團股份有限公司)), a joint stock limited liability company established in the PRC and a substantial Shareholder interested in 100,000,000 Domestic Shares, representing approximately 15.45% of the issued share capital of the Company

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

Xi’an, the PRC, 27 December 2007

As at the date of this announcement, the Board comprises 肖良勇先生 (Professor Xiao Liangyong), 肖兵先生 (Mr. Xiao Bing) and 左宏先生 (Mr. Zuo Hong) being executive Directors; 杏昌靈先生 (Mr. Xing Changling), 羅茂生先生 (Mr. Luo Maosheng), 孫文國先生 (Mr. Sun Wenguo), 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), 雷華鋒先生 (Mr. Lei Huafeng) and 強文郁先生 (Mr. Qiang Wenyu) 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: (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.