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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 TRANSACTIONS – NEW LEASE AGREEMENT

On 10 August 2009, the Company has entered into the New 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 RMB5,958,690 (equivalent to approximately HK\$6,792,907).

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

The entering into of the New 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 NEW LEASE AGREEMENT

On 10 August 2009, the Company, as tenant, has entered into the New Lease Agreement with the Landlord, pursuant to which the Company agreed to rent the Land with the following details:

Date : 10 August 2009

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

Premises : A piece of land with total usable area of 79,704.2 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

* For identification purposes only

Term	:	Three years commencing from 16 July 2009 and expiring on 15 July 2012 (both dates inclusive)
Rental	:	RMB5,958,690 (equivalent to approximately HK\$6,792,907) per annum payable in arrear within the first month of each year of rent, which will also be the annual cap for the continuing connected transaction of the Company during the term of the New 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 Mr. Xiao Bing (肖兵先生), an executive Director and substantial Shareholder. The remaining 25% equity interest of the Landlord is owned as to 5% by Mr. Zuo Hong (左宏先生), an executive Director, 5% by Mr. Fang Xi (方曦先生), the financial controller of the Company, and 15% by Independent Third Parties. Accordingly, the New Lease Agreement constitutes a continuing connected transaction for the Company under the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the New Lease Agreement on an annual basis is more than 2.5% but less than 25% and the total consideration on an annual basis is less than HK\$10 million, the entering into of the New 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 Land forms part of a piece of land rented by the Company from the Landlord pursuant to the Old Lease Agreement, details of which were disclosed in the announcement of the Company dated 6 July 2006, where the Group's production facility, research and development centre and office buildings were erected. Under the Old Lease Agreement, the Company rented usable area of 102,619.6 sq.m. for a term of three years commencing from 16 June 2006 at the rental of RMB2,635,271 per annum. The Old Lease Agreement was expired on 15 June 2009. Having considered that the market rent in the vicinity has substantially increased since June 2006 and in order to lower the rental expense of the Company, the Company decided to rent lesser useable area from the Landlord and enter into the New Lease Agreement. Save as differences in usable area and rental as aforesaid, the terms of the New Lease Agreement are same as the terms of the Old Lease Agreement.

The annual rental payable under the New 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 New 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 New Lease Agreement with internal resources of the Company.

The Company intends to renew the New 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.

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 79,704.2 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 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
“New Lease Agreement”	the agreement for the lease of the Land dated 10 August 2009 entered into between the Company and the Landlord

“Old Lease Agreement”	the agreement dated 6 July 2006 entered into between the Company and the Landlord for the lease of a piece of land with total usable area of 102,619.6 sq.m.
“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. = HK\$1.14. 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.*
Professor Xiao Liangyong
Chairman

Xi’an, the PRC, 10 August 2009

As at the date of this announcement, the Board comprises Professor Xiao Liangyong (肖良勇教授), Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Luo Maosheng (羅茂生先生), Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Cong Chunshui (叢春水先生) and Mr. Lin Deqiong (林德瓊先生) 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.

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.

This 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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