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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)**

## **DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS**

On 11 June 2011, the Company entered into the Agreement as vendor with Shaanxi Haitong as purchaser to dispose of the Assets at the aggregate consideration of RMB40 million.

The Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore is subject to the notification and announcement requirements thereunder.

In accordance with the requirements under the Articles of Association, the EGM will be convened to consider and, if thought fit, approve the Disposal, the Agreement and the transactions contemplated thereunder. To the best of information, knowledge and belief of the Directors, as at the date of this announcement, none of the Shareholders is required to abstain from voting in respect of the resolutions for the approval of the Disposal, the Agreement and the transactions contemplated thereunder at the EGM.

A circular which contains, among other things, further information on the Disposal and the Agreement and a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable and on or before 30 June 2011.

### **THE AGREEMENT**

Date : 11 June 2011

Vendor : The Company

\* *For identification purposes only*

- Purchaser : Shaanxi Haitong
- To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for Lijun (李軍), the son-in-law of the Chairman of the Group and executive Director Professor Xiao Liangyong (肖良勇教授) and brother-in-law of the executive Director Mr. Xiao Bing (肖兵先生), is interested in 10% equity interest in Shaanxi Haitong, Shaanxi Haitong and its ultimate beneficial owners are Independent Third Parties.
- Assets to be disposed : The Land – A parcel of land located at Keji San Lu, Xi'an National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC with a site area of 2,567.5 sq.m. for a land use right of up to 4 August 2050.
- The Building – a complex building of 6-storeys erected on the Land with a construction area of 3,512.32 sq.m.
- The Equipment – 128 multi-probe 3D radiation pattern test system and ancillary equipment.
- Consideration : RMB40 million
- The consideration was agreed after arm's length negotiations between the Company and Shaanxi Haitong with reference to the valuation of the Assets at RMB40,004,900 as at 30 April 2011 conducted by Chinaunited Yangcheng Appraisal Co. Ltd. (廣東中聯羊城資產評估有限公司), an independent property valuer appointed by Shaanxi Haitong.
- Payment of consideration : The consideration shall be paid in cash as follows:
1. RMB24 million shall be paid to the Company within three days from the date of the Agreement; and
  2. RMB16 million shall be paid to the Company within ten days following the completion of the transfer of title of the Assets to Shaanxi Haitong.
- Condition precedent : The obligation of the Company for the Disposal is subject to the approval by the Shareholders of the Agreement and the transactions contemplated thereunder. If the condition is not fulfilled by 15 August 2011, the rights and obligations of the parties to the Agreement will be void but without prejudice to their right to claim for any antecedent breach.

Delivery of possession : The Company shall possession of the Assets to Shaanxi Haitong on the date of payment of RMB24 million, being partial payment of the consideration, by Shaanxi Haitong to the Company.

## **INFORMATION ON THE GROUP AND SHAANXI HAITONG**

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 Group also provides technical support, system integration and installation services of base station antennas.

Shaanxi Haitong is limited liability company incorporated in the PRC and is owned by Guangzhou Haige Communications Group Incorporated Company (廣州海格通信集團股份有限公司) as to 90% and Lijun (李軍) as to 10%. The shares of Guangzhou Haige Communications Group Incorporated Company (廣州海格通信集團股份有限公司) are listed on the Shenzhen Stock Exchange (stock code: 002465). Lijun (李軍) is the son-in-law of the Chairman of the Group and executive Director Professor Xiao Liangyong (肖良勇教授) and the brother-in-law of the executive Director Mr. Xiao Bing (肖兵先生). The principal activity of Shaanxi Haitong is the design, research and development, manufacture and sale of antennas for military use.

## **REASONS FOR THE DISPOSAL**

The Company entered into a State-owned Land Use Rights Grant Contract in 2001 to acquire the Land at the consideration of approximately RMB1 million. Built on the Land is the Group's research and development building.

The Group has leased a piece of land as its headquarter with total usable area of 79,704.2 sq.m. at southwestern corner of Xi'an Gaoxin District Zhang Ba Si Road and Jinye Road (西安高新區丈八四路與錦業路交叉口西南角) for a term of 3 years commencing from 16 July 2009 and expiring on 15 July 2012 at the annual rental of RMB5,958,690. The Group will gradually relocate the departments now located at the Building to its headquarter after completion of the Disposal, and considers that it will have sufficient space for its operation. On the other hand, the Group intends to redeploy its assets and properties with a view to improving liquidity and consolidating its financial position. The Disposal will also save the maintenance expenses of the Building and the Equipment.

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

## **FINANCIAL EFFECT OF THE DISPOSAL**

With reference to the audited accounts of the Company for the year ended 31 December 2010, the aggregate net book value of the Assets was approximately RMB33.90 million as at 31 December 2010. It is estimated that the Disposal will result in a book profit of approximately RMB6.10 million with reference to the net book value of the Assets as at 31 December 2010 for the financial year ending 31 December 2011.

## **USE OF PROCEEDS**

The proceeds of RMB40 million from the Disposal, after deducting expenses arising therefrom for approximately HK\$1 million, will be used as to RMB24 million for repayment of bank loans and the balance will be used as general working capital of the Group.

## **GEM LISTING RULES IMPLICATIONS**

The Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore is subject to the notification and announcement requirements thereunder.

## **THE EGM**

Pursuant to Article 103 of the Articles of Association, the power of the Board in disposing the assets of the Company is limited to the approval of the disposal or rent of assets with an amount not exceeding 30% net asset value and in aggregate not exceeding 50% net asset value per annum as shown in the latest audited financial statements

Pursuant to Article 104 of the Articles of Association, the Directors shall not, without the prior approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company if the aggregate of:

- (i) the expected value of the fixed assets proposed to be disposed of; and
- (ii) the total consideration received by the Company for all disposals of fixed assets which took place within the period of four months immediately preceding the proposed disposal,

exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet placed before the shareholders in general meeting.

As the amount of the Assets exceeds 30% of the net asset value of approximately RMB45.54 million and 33% of the value of fixed assets of approximately RMB 115.96 million as shown in the audited financial statements of the Company for the year ended 31 December 2010, the Disposal exceeds the limit of the power of the Board in disposing assets of the Company and is subject to the approval of the Shareholders in general meeting.

In accordance with the requirements under the Articles of Association, the EGM will be convened to consider and, if thought fit, approve the Disposal, the Agreement and the transactions contemplated thereunder. To the best of information, knowledge and belief of the Directors, as at the date of this announcement, none of the Shareholders is required to abstain from voting in respect of the resolutions for the approval of the Disposal, the Agreement and the transactions contemplated thereunder at the EGM.

A circular which contains, among other things, further information on the Disposal and the Agreement and a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable and on or before 30 June 2011.

## DEFINITIONS

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

“Agreement”	the agreement dated 11 June 2011 entered into between the Company as vendor and Shaanxi Haitong as purchaser in relation to the Disposal
“Articles of Association”	the articles of association of the Company as of the date of this announcement
“Assets”	the Land, the Building and the Equipment
“associate”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Building”	a complex building of 6-storeys erected on the Land with a construction area of 3,512.32 sq.m.
“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 Assets 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
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and approve the Disposal, the Agreement and the transactions contemplated thereunder
“Equipment”	128 multi-probe 3D radiation pattern test system and ancillary equipment
“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 Hong Kong dollars
“Independent Third Party(ies)”	party(ies) 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
“Land”	a parcel of land located at Keji San Lu, Xi’an National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the PRC with a site area of 2,567.5 sq.m. for a land use right of up to 4 August 2050
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shaanxi Haitong”	Shaanxi Haitong Antenna Company Limited* (陝西海通天綫有限責任公司), information of which is set out in the paragraph headed “Information on the Group and Shaanxi Haitong”
“Shareholders”	holders of the Domestic Shares and the H Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“%”	per cent.

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

Xi’an, the PRC, 13 June 2011

\* For identification purposes only

*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. Liu Ruixuan (劉瑞軒先生), 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. Xie Yiqun (解益群先生) 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, the information contained in this notice is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and at the website of the Company at <http://www.xaht.com>.*