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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 with limited liability)

(Stock Code: 8227)

**MAJOR TRANSACTION
DISPOSAL OF EQUIPMENT, INTANGIBLE ASSETS, LAND AND BUILDING**

On 20 August 2011, the Company entered into the Cooperation Framework Agreement with Fujian Sunnada, pursuant to which the parties agreed to jointly establish the Joint Venture Company with Mr. Ren Yuwen (任玉文) in the PRC by entering into the Joint Venture Agreement, and the Company conditionally agreed to dispose of the Equipment, the Intangible Assets, the Land and the Building.

The Disposals, in aggregate, constitute a major transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore are subject to the notification, publication and shareholders' approval requirements thereunder.

The EGM will be convened to consider and, if thought fit, approve the Disposals 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 Disposals and the transactions contemplated thereunder at the EGM.

A circular which contains, among other things, further information on the Disposals and a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement.

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* For identification purpose only

THE COOPERATION FRAMEWORK AGREEMENT

Date : 20 August 2011

Parties : The Company and Fujian Sunnada

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Fujian Sunnada and its ultimate beneficial owners are Independent Third Parties.

Scope of cooperation : The parties agreed that:

- (a) the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) shall establish the Joint Venture Company by entering into the Joint Venture Agreement;
- (b) following the establishment of the Joint Venture Company, the Joint Venture Company and the Company shall enter into the Equipment Sale and Purchase Agreement and the Intangible Assets Sale and Purchase Agreement; and
- (c) following the establishment of the Research Institute, the Research Institute and the Company shall enter into the Land and Building Sale and Purchase Agreement.

The parties further agreed that transaction (b) and (c) above shall be treated as one transaction so that they shall be completed or terminated as a whole.

Termination : If (i) the Joint Venture Company is not established; (ii) Fujian Sunnada and/or the Joint Venture Company fail to purchase the Equipment and the Intangible Assets; and/or (iii) the Research Institute fails to purchase the Land and the Building, the purpose of the Cooperation Framework Agreement shall be deemed to be not accomplished and either party may by notice to the other terminate the Cooperation Framework Agreement. Termination of the Cooperation Framework Agreement will not prejudice the right of the parties to claim for any breach.

Deposit : Subject to the approval of the Cooperation Framework Agreement by the Board and the publication of this announcement, Fujian Sunnada shall pay a deposit of RMB8 million to the Company on or before 22 August 2011. Upon the Cooperation Framework Agreement taking effect, the deposit shall be regarded as part of the consideration payable by the Joint Venture Company to the Company for the purchase of the Equipment and the Intangible Assets and the Joint Venture Company will owe an equivalent amount to Fujian Sunnada.

If the purpose of the Cooperation Framework Agreement is not accomplished as a result of (i) any breach by Fujian Sunnada, the Company is entitled to forfeit the deposit; and (ii) any breach by the Company, the Company shall pay Fujian Sunnada an amount equal to two times of the deposit.

Conditions precedent : The Cooperation Framework Agreement shall take effect upon the satisfaction of the following conditions:

- (a) both parties sign the Cooperation Framework Agreement;
- (b) the Board approves the Cooperation Framework Agreement;
- (c) the shareholders of Fujian Sunnada approve the Cooperation Framework Agreement in general meeting;
- (d) the Company and Shaanxi Haitong Antenna Company Limited* (陝西海通天線有限責任公司) enter into a written agreement to terminate the agreement dated 11 June 2011 in relation to, among others, the sale and purchase the Equipment, the Land and the Building.

THE JOINT VENTURE AGREEMENT

- Date : 20 August 2011
- Parties : The Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文)
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Ren Yuwen (任玉文) is an Independent Third Party.
- Business scope : Telecommunication equipment; research and development, manufacture and sale of antennas.
- Registered capital : The registered capital of the Joint Venture Company will be RMB80 million. The parties will pay up their respective contributions to the registered capital of the Joint Venture Company as follows:
- The Company : RMB12 million by contributing production and office equipment valued at RMB12.03 million as at 5 August 2011 by Fujian Lianhe Zhonghe Appraisal Co. Ltd. (福建聯合中和資產評估有限公司), an independent property valuer appointed by Fujian Sunnada, representing 15% equity interest
- Fujian Sunnada : RMB64 million by cash, representing 80% equity interest
- Mr. Ren Yuwen (任玉文) : RMB4 million by cash, representing 5% equity interest
- The registered capital of the Joint Venture Company as well as the proportions to be contributed by each of the parties were determined by negotiation between the parties on arm's length basis and on normal commercial terms, taking into account their financial resources and the development of the Joint Venture Company.
- Time of contribution : The Company : On or before 20 September 2011
Fujian Sunnada : On or before 15 September 2011
Mr. Ren Yuwen (任玉文) : On or before 31 October 2011
- Board of directors : The board of directors of the Joint Venture Company will comprise 3 directors, of which 2 will be appointed by the Fujian Sunnada and 1 will be appointed by the Company.

Upon establishment of the Joint Venture Company, the Joint Venture Company will not become a subsidiary nor a connected person of the Company within the meaning of the GEM Listing Rules. The results of the Joint Venture Company will not be consolidated into the Company's account.

DISPOSAL OF THE EQUIPMENT AND THE INTANGIBLE ASSETS

Following the establishment of the Joint Venture Company, the Joint Venture Company and the Company will enter into the Equipment Sale and Purchase Agreement and the Intangible Assets Sale and Purchase Agreement with the following principal terms:

The Equipment Sale and Purchase Agreement

Vendor	:	The Company
Purchaser	:	The Joint Venture Company
Equipment to be disposed	:	128 multi-probe 3D radiation pattern test system and ancillary equipment
Consideration	:	RMB13.09 million payable by cash.

The consideration was agreed after arm's length negotiations between the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) with reference to the valuation of the Equipment at RMB13,222,835 as at 5 August 2011 conducted by Fujian Lianhe Zhonghe Appraisal Co. Ltd. (福建聯合中和資產評估有限公司), an independent property valuer appointed by Fujian Sunnada.

Condition precedent	:	The obligation of the Company for the disposal of the Equipment is subject to the approval by the Shareholders.
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The Intangible Assets Sale and Purchase Agreement

- Vendor : The Company
- Purchaser : The Joint Venture Company
- Intangible assets to be disposed : (a) Intellectual property rights including trademarks, patents, copyrights and proprietary technologies owned by the Company; and
- (b) Exclusive licence for the technology of sectored array TD-SCDMA smart antenna (TD-SCDMA 磁區陣列智慧天線技術許可), the validity period of which is from 30 December 2005 to 30 December 2014, owned by a wholly-owned subsidiary of the Company namely 西安海天無線系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co. Ltd.*).
- Consideration : RMB7.42 million payable by cash.
- The consideration was agreed after arm's length negotiations between the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) with reference to the valuation of the Intangible Assets at RMB7.42 million as at 5 August 2011 conducted by Fujian Lianhe Zhonghe Appraisal Co. Ltd. (福建聯合中和資產評估有限公司), an independent property valuer appointed by Fujian Sunnada.
- Condition precedent : Closing of the disposal of the Intangible Assets by the Company is subject to the approval by the Shareholders.

DISPOSAL OF THE LAND AND THE BUILDING

Following the establishment of the Research Institute by Fujian Sunnada, the Research Institute and the Company will enter into the Land and Building Sale and Purchase Agreement with the following principal terms:

- Vendor : The Company
- Purchaser : The Research Institute
- 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.
- Consideration : RMB19.49 million payable by cash.
- The consideration was agreed after arm's length negotiations between the Company and Fujian Sunnada with reference to the valuation of the Land and the Building at RMB19.49 million as at 5 August 2011 conducted by Fujian Lianhe Zhonghe Appraisal Co. Ltd. (福建聯合中和資產評估有限公司), an independent property valuer appointed by Fujian Sunnada.
- Condition precedent : Closing of the disposal of the Land and the Building by the Company is subject to the approval by the Shareholders.

INFORMATION ON THE GROUP, FUJIAN SUNNADA AND MR. REN YUWEN (任玉文)

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.

Fujian Sunnada is a limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange. Based on the information on its website, Fujian Sunnada is one of the leading telecommunication network optimization product manufacturers and service providers.

To the best of the information, knowledge and belief of the Company, Mr. Ren Yuwen (任玉文) is an Independent Third Party and has extensive experience in ancillary manufacturing and processing in the antenna industry.

REASONS FOR THE ESTABLISHING THE JOINT VENTURE COMPANY AND THE DISPOSALS

The Directors believe that the cooperation with Fujian Sunnada and the establishment of the Joint Venture Company will reinforce the overall strength of the Group and enhance its creativity in technology. Following closing of the transactions contemplated under the Cooperation Framework Agreement, the parties can leverage on their respective edges, and consolidate their respective resources. The combination of the brand names of the parties will also create strong branding influence. The extensive experience of Mr. Ren Yuwen (任玉文) in the antenna industry will benefit the management of the Joint Venture Company's supply chain in future production. These will increase the competitiveness of the parties and maximise their investment returns.

On the other hand, it has been the Group's plan to redeploy its assets and properties with a view to improving liquidity and consolidating its financial position. The disposal of the Equipment, the Land and the Building will also save maintenance expenses.

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 of the Land and the Building.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement, the establishment of the Joint Venture Company and the Disposals are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSALS

With reference to the unaudited financial statements of the Company for the six months ended 30 June 2011,

- (a) the aggregate net book value of the Equipment was approximately RMB10.60 million as at 30 June 2011. It is estimated that the disposal of the Equipment will result in a book profit of approximately RMB2.49 million for the financial year ending 31 December 2011;
- (b) the aggregate net book value of the Intangible Assets was approximately RMB8.73 million as at 30 June 2011. It is estimated that the disposal of the Intangible Assets will result in a book loss of approximately RMB1.31 million for the financial year ending 31 December 2011; and
- (c) the aggregate net book value of the Land and the Building was approximately RMB22.62 million as at 30 June 2011. It is estimated that the disposal of the Land and the Building will result in a book loss of approximately RMB3.13 million for the financial year ending 31 December 2011.

USE OF PROCEEDS

The proceeds of RMB40 million from the Disposals, after deducting expenses arising therefrom for approximately RMB0.30 million and taxation of approximately RMB1.40 million, will be used as to RMB25 million for repayment of bank loans and the balance will be used as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

The Disposals, in aggregate, constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore are subject to the notification, publication and shareholders' approval requirements thereunder.

THE ARTICLES OF ASSOCIATION

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 to be disposed of exceeds 30% of the net asset value of approximately RMB45.54 million and 33% of the value of fixed assets of approximately RMB115.96 million as shown in the audited financial statements of the Company for the year ended 31 December 2010, the Disposals exceed 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.

THE EGM

The EGM will be convened to consider and, if thought fit, approve the Disposals 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 Disposals and the transactions contemplated thereunder at the EGM.

A circular which contains, among other things, further information on the Disposals and a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as of the date of this announcement
“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
“Cooperation Framework Agreement”	a cooperation framework agreement dated 20 August 2011 entered into between the Company and Fujian Sunnada
“Directors”	the directors of the Company
“Disposals”	the disposal of the Equipment, the Intangible Assets, the Land and the Building as more particularly described in this announcement
“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 Disposals and the transactions contemplated thereunder
“Equipment”	128 multi-probe 3D radiation pattern test system and ancillary equipment
“Equipment Sale and Purchase Agreement”	the agreement to be entered into between the Company and the Joint Venture Company in relation to the sale and purchase of the Equipment
“Fujian Sunnada”	福建三元達通訊股份有限公司 (Fujian Sunnada Communication Co., Ltd.*)
“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
“Intangible Assets”	the intangible assets, as more particularly described in the paragraph headed “The Intangible Assets Sale and Purchase Agreement”, to be disposed by the Company to the Joint Venture Company
“Intangible Assets Sale and Purchase Agreement”	the agreement to be entered into between the Company and the Joint Venture Company in relation to the sale and purchase of the Intangible Assets
“Joint Venture Agreement”	a joint venture agreement dated 20 August 2011 entered into between the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文), pursuant to which the parties agreed to establish the Joint Venture Company
“Joint Venture Company”	西安三元達海天線有限公司(Xi’an Sunnada Haitian Antenna Co., Ltd.*), a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement
“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
“Land and Building Sale and Purchase Agreement”	the agreement to be entered into between the Company and the Research Institute in relation to the sale and purchase of the Land and the Building
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan in the PRC
“Research Institute”	西安三元達通訊技術研究院 (Xi’an Sunnada Telecommunication Technology Research Institute*), a wholly-owned company to be established by Fujian Sunnada in the PRC

“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, 22 August 2011

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>.