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If you have sold all your shares in Xi'an Haitian Antenna Technologies Co., Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

A notice convening the EGM to be held on 28 November 2011 at 2:30 p.m. at Meeting Room, Level 4, No. 68 Keji San Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China, together with the reply slip and form of proxy are enclosed herein. Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return them to the head office of the Company at No. 66 Jinye Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC (for holders of Domestic Shares), or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17M Floor, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), as soon as possible and in any event, for the reply slip, no later than 8 November 2011, and for the form of proxy, no later than 24 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you wish to do so.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for 7 days from the date of its posting.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreements”	the Cooperation Framework Agreement, the Equipment Sale and Purchase Agreement, the Intangible Assets Sale and Purchase Agreement and the Land and Building Sale and Purchase Agreement
“Announcement”	the announcement made by the Company on 22 August 2011 in relation to the Disposals and the transactions contemplated thereunder
“Articles of Association”	the articles of association of the Company as of the date of this circular
“associate(s)”	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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Cooperation Framework Agreement”	a cooperation framework agreement dated 20 August 2011 entered into between the Company and Fujian Sunnada
“Director(s)”	director(s) of the Company
“Disposals”	the disposal of the Equipment, the Intangible Assets, the Land and the Building as more particularly described in this circular
“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

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“EGM”	the extraordinary general meeting of the Company to be held on 28 November 2011 at 2:30 p.m. at Meeting Room, Level 4, No. 68 Keji San Road, National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the PRC for the Shareholders to consider and approve the Disposals, the Agreements 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 the GEM
“Group”	the Company and its subsidiaries
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

DEFINITIONS

“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 and subject to the approval of the relevant PRC authorities
“Land”	a parcel of land located at Keji San Lu, Xi’an National Hitech 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
“Latest Practicable Date”	11 October 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“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 and subject to the approval of the relevant PRC authorities
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	Domestic Shares and H Shares
“Shareholders”	holders of the Domestic Shares and the H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC

* for identification purpose only

DEFINITIONS

“sq.m.” square metre

“%” per cent.

The English name/translations of the companies established in the PRC, relevant authorities in the PRC and other Chinese terms used in this circular are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

LETTER FROM THE BOARD



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)

Directors:

Executive Directors

Professor Xiao Liangyong (*Chairman*)

Mr. Xiao Bing

Mr. Zuo Hong

Non-executive Directors

Mr. Liu Ruixuan

Mr. Sun Wenguo

Mr. Li Wenqi

Mr. Cong Chunshui

Mr. Xie Yiqun

Independent non-executive Directors

Professor Gong Shuxi

Mr. Lei Huafeng

Mr. Qiang Wenyu

Registered address:

No. 66

Jinye Road

National Hi-tech Industrial

Development Zone

Xi'an, Shaanxi Province

PRC

Principal place of business in Hong Kong:

Room B, 16th Floor

Yam Tze Commercial Building

23 Thomson Road

Wanchai

Hong Kong

14 October 2011

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

On 22 August 2011, the Company announced that it entered into the Cooperation Framework Agreement with Fujian Sunnada on 20 August 2011, 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 formation of the Joint Venture Company constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore are subject to the notification and announcement requirements thereunder.

** for identification purpose only*

LETTER FROM THE BOARD

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 purposes of this circular are to provide you with, among other things, further information regarding the Disposals, the Agreements and the notice of the EGM.

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 enquiry, 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.

LETTER FROM THE BOARD

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 the 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;

LETTER FROM THE BOARD

- (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. The equipment is used by the Company for processing, assembling, packaging and testing in the production processes of 2G and 2.5G base station antennas with lower profit margin. Its valuation is based on cost method. Please refer to Appendix III of this circular for more details.

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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 which was extended to 10 December 2011 by agreement of the parties

Fujian Sunnada: On or before 15 September 2011 which was extended to 10 December 2011 by agreement of the parties

Mr. Ren Yuwen (任玉文): On or before 31 October 2011 which was extended to 10 December 2011 by agreement of the parties

Rights and obligations of the parties : Each of the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) shall enjoy the rights as a shareholder of the Joint Venture Company according to their respective equity interest in the Joint Venture Company. Any failure to make contribution pursuant to the Joint Venture Agreement would be viewed as a breach of the Joint Venture Agreement and the breaching party shall pay each of the performing party an amount equal to 0.01% of its respective capital commitment for each day of default as liquidated damage in addition to its obligation to make its contribution to the registered capital of the Joint Venture Company. In the event that any party defaults on its contribution to the registered capital of the Joint Venture Company for more than three months, the other parties shall be entitled to terminate the Joint Venture Agreement.

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.

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It is the intention of the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) that the production base of the Joint Venture Company will not be located in the Land but will be located in premises in the same district to be leased from third parties, i.e. the Xi'an National Hitech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC, which will consist of four to six production lines and is expected commence operation by January 2012. Detailed production plan and premises to be leased will be determined by the board of directors of the Joint Venture Company after its establishment. A portion of the production and office equipment to be contributed by the Company to the Joint Venture Company is currently located in the Land but will be relocated to the production base of the Joint Venture Company after its establishment.

Except for the contribution to be made by the Company to the Joint Venture Company pursuant to the Joint Venture Agreement, the Company does not have any plan to make further investment and contribute further resources to the Joint Venture Company for the time being.

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 related equipment

The Equipment is currently located on the Land. In consideration of the difficulties in relocating the Equipment to the production base of the Joint Venture Company, it is the intention of the parties that the Joint Venture Company will lease working space in the Building from the Research Institute to store and operate the Equipment. Detailed arrangement will be determined by the board of directors of the Joint Venture Company and the Research Institute after their establishments. The Equipment will be used in the research and development and sample testing of products, and therefore it is not required to be located at the same location of production plant. The Equipment and the Company's production base have been at different locations.

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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. The valuation of the Equipment is based on cost method. Please refer to Appendix III of this circular for more details.

Condition precedent : The obligation of the Company for the disposal of the Equipment is subject to the approval by the Shareholders.

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 磁區陣列智能天線製造技術許可), 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.*).

The Intangible Assets enhance the efficient production of mobile antenna products to be developed and manufactured by the Joint Venture Company. Except for the software of 基站天線分析軟件V1.0 (Analysis Software V1.0 for Base Station*) that requires to be used together with the Equipment, the Intangible Assets can be utilized without reliance on the Equipment.

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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 (comprising both items (a) and (b) referred to in the paragraph headed "Intangible assets to be disposed" above) 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. The valuation of the Intangible Assets is based on projection of earnings. Please refer to Appendix III of this circular for details of the Intangible Assets including validity period of the trademarks, patents and copyrights.

In assessing the consideration of the Intangible Assets, besides the valuation, the Directors have considered other matters include (i) nil book value and estimate book profit of RMB7.42 million; (ii) validity period of most of the intellectual property rights had expired or about to expired; (iii) as telecommunication technologies change rapidly, the Company does not use the patents, copyrights and proprietary technologies in its production; and (iv) historically the Intangible Assets themselves did not create any revenue and it is expected that the situation will remain in future. As the valuation was conducted by a qualified and professional independent property valuer, and taking into account the foregoing matters, the Directors agreed with the valuation and consider that the consideration is fair and reasonable.

Condition precedent : Closing of the disposal of the Intangible Assets by the Company is subject to the approval by the Shareholders.

The disposal of the Intangible Assets is not subject to the renewal of the expired licence, patents and copyright. The Company expects that the Joint Venture Company (i) will not apply for renewal of the expired licence, patents and copyright; (ii) will base on the research documents, design graphs and papers and source codes with respect to the expired licence, patents and copyright to develop new 2G and 2.5G technologies and products with lower costs and higher returns; and (iii) will engage in 2G and 2.5G manufacturing. However, the final decision is to be made by the management of the Joint Venture Company upon its establishment.

The valuation of the Intangible Assets, an extract of which is set out in Appendix III to this circular, was based on projections of earnings. The information in relation to the valuation therefore constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules.

LETTER FROM THE BOARD

It was Fujian Sunnada, and not the Group, which engaged and instructed the independent valuer to prepare the valuation report of the Intangible Assets. This was different from the circumstances contemplated under the relevant GEM Listing Rules which assume that the issuer's directors made the profit forecast. Further, the Group and the Directors had not involved in nor provided any financial projections of the Intangible Assets to the independent valuer and Fujian Sunnada, nor communicated any financial projections relating to the Intangible Assets for the valuation report or otherwise. While the consideration of the Intangible Assets was based on the valuation report, the Directors had considered other factors when assessing the disposal of the Intangible Assets including, among others, nil book value, estimate book profit, validity period and usage of the Intangible Assets.

In light of the above, the Directors consider that it would be unduly burdensome and impracticable, and not in the best interest of the Company and its shareholders as a whole, for the Company to strictly comply with Rule 19.62, Rule 19.66(3) and paragraph 29(2) of Appendix 1B of the GEM Listing Rules, and has made an application to the Stock Exchange for, and has been granted by the Stock Exchange, a waiver from strict compliance with these rules.

DISPOSAL OF THE LAND 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.

LETTER FROM THE BOARD

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 were listed on the Shenzhen Stock Exchange in June 2010. Based on the information on its website, Fujian Sunnada is one of the leading telecommunication network optimization product manufacturers and service providers.

Mr. Ren Yuwen (任玉文), aged 55, has more than 30 years of experience in equipment manufacturing industry. Mr. Ren served in 西安石油勘探儀器總廠 (Xi'an Petroleum Exploration Equipment Factory*) from 1978 to 2006. Since 2006, Mr. Ren serves as the General Manager of 西安盛佳通信設備科技有限公司 (Xi'an Shengjia Telecommunication Equipment Technologies Co., Ltd.*), a company engaged in processing and manufacturing of telecommunication equipments. To the best of the information, knowledge and belief of the Company, Mr. Ren Yuwen (任玉文) is an Independent Third Party.

REASONS FOR THE ESTABLISHING THE JOINT VENTURE COMPANY AND THE DISPOSALS

Fujian Sunnada engaged in research and development, production, marketing and service for its wireless communication equipment and network optimization technology. It owns the intellectual property rights from its components, modules, integrated products and embedded software, and has been accredited with a number of awards in the PRC. Given the experience and expertise of Fujian Sunnada in wireless telecommunication network optimization, it is considered that the establishment of the Joint Venture Company will create synergy and enhance competitive edge in technology advancement, product mix as well as sales network.

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. It is the intention of the Company, Fujian Sunnada and Mr. Ren Yuwen (任玉文) that Mr. Ren Yuwen (任玉文) would head the supply chain team of the Joint Venture Company. The extensive experience of Mr. Ren Yuwen (任玉文) in the telecommunication equipment 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.

LETTER FROM THE BOARD

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 and the Intangible Assets will result in a book profit of approximately RMB2.49 million and RMB7.42 million respectively. After deducting the book loss of approximately RMB3.13 million which is expected to be incurred by the disposal of the Land and the Building, the Company will achieve an aggregate book profit of approximately RMB6.78 million. In considering the fairness and reasonableness of transactions, the Directors have taken into account the total net book value of the production and office equipment to be contributed to the Joint Venture Company, the Equipment and the Intangible Assets of approximately RMB22.6 million as at 30 June 2011.

Most of the equipment to be disposed (including the production and office equipment to be contributed to the Joint Venture Company) are equipment purchased several years ago for using in the production of 2G and 2.5G mobile telecommunication network antennas. The patents and copyright to be disposed by the Group were used in the manufacture of 2G and 2.5G products prior to early 2009. The exclusive licence for the technology of sectored array TD-SCDMA smart antenna is an early generation 3G technology which had not been used in production of the Group. In light of the increasing acceptance of advancements and convenience of 3G and new generations of telecommunication networks, the utilization rate of 2G and 2.5G equipment decreased year to year. For instance, in 2010, the utilization rate of the Group's 2G and 2.5G equipment was less than 40%. Further, for most of such equipment, depreciation has been provided to write off in full the cost and they are used beyond their estimated useful lives, but the Group has incurred maintenance expenses of approximately RMB1 million per year and it is expected that the maintenance expenses will further increase for continual usage of the equipment.

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. This will enable the Group to achieve a more efficient utilization of its leased property and at the same time improving its liquidity through the disposal of the Land and the Building.

For purpose of the establishment of the Joint Venture Company and the Disposals, Fujian Sunnada appointed 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*), an independent valuer in the PRC, to conduct valuations on (i) the Land and the Building; (ii) the Equipment and the Intangible Assets; and (iii) the production and office equipment to be contributed by the Company to the Joint Venture Company. Copies of the valuation reports had been provided to and reviewed by the Directors. The Directors noted that according to the valuation reports prepared by 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*), the total value of the Land, the Building and the Equipment was approximately RMB32.71 million as at 5 August 2011, while according to the valuation report prepared by 廣東中聯羊城資產評估有限公司 (Chinaunited Yangcheng Appraisal Co. Ltd.*), an independent valuer appointed by another potential buyer namely 陝西海通天線有限責任公司 (Shaanxi Haitong Antenna

LETTER FROM THE BOARD

Company Limited*), the value of the Land, the Building and the Equipment was RMB40 million as at 30 April 2011. Details of the proposed transaction, which was not approved by the Shareholders at the extraordinary general meeting held on 8 August 2011, was disclosed in the announcement and circular of the Company dated 13 June 2011 and 23 June 2011 respectively. Except for the decrease of RMB640,000 in book value of the Land, the Building and the Equipment due to depreciation, the Directors are not aware of any other factors adversely affect the value of the Land, the Building and the Equipment. The Company noted that there is a difference of RMB7.29 million between the valuation as at April 2011 and August 2011, which difference mainly comprises a decrease of approximately RMB5 million of the valuation of the Building and approximately RMB2 million of the valuation of the Equipment. The Company understood from 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) that the differences in valuation were given rise by the higher newness rate estimated by 廣東中聯羊城資產評估有限公司 (Chinaunited Yangcheng Appraisal Co. Ltd.*) in valuation of the Building and the Equipment. For instance, (i) in the valuation of the Building, 廣東中聯羊城資產評估有限公司 (Chinaunited Yangcheng Appraisal Co. Ltd.*) estimated a newness rate of 79%, while 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) estimated a newness rate of 61%; and (ii) in the valuation of the 128 multi-probe 3D radiation pattern test system, the former estimated a newness rate of 96%, while the latter estimated a newness rate of 70%. Details of the newness rate estimated by 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) with respect to the Building and the Equipment are set out in the paragraphs headed “Valuation Breakdown of the Building” and “Valuation Breakdown of the Equipment” in Appendix III of this circular respectively.

The Company further understood from 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) that it determined the newness rate with reference to economic life and physical inspection of the Building and the Equipment, and that after considering the economic life and attending physical inspection of the Building and the Equipment, it determined the current newness rate by its professional judgment. Since 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) is a qualified independent valuer in the PRC and having considered (i) the methods it used in the valuation and the book value of the assets and (ii) the results of valuation of the Land and the Building by BMI Appraisers Limited of RMB19,000,000 as at 31 July 2011 as set out in Appendix II to this circular, the Directors accepted the valuation conducted by 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) as fair and reasonable.

Following completion of the Disposals, with reference to the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2011, tangible assets of the Company will amount to approximately RMB68.7 million (mainly comprise production plant with a floor area of about 35,000 sq.m with three production lines for the production of 3G and 4G products and landscaping antennas) and intangible assets of the Company will amount to approximately RMB11.97 million (mainly comprise self developed proprietary technologies relating to WCDMA base station antenna, CDMA2000 base station antenna, TD-SCDMA and successive base station antenna, TD-LTE base station antenna, new model board band base station antenna, new model WIMAX antenna and landscape antenna). The Group will not manufacture 2G and 2.5G products, which are with low returns, and will engage third party contractors for such products if customer places an order. The Group will deploy its resources and assets for the research, development and production of 3G and 4G products and landscape antennas that would offer high returns. The Group will also continue to offer network optimization and inspection services.

LETTER FROM THE BOARD

Having considered the above reasons and benefits, the Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement (including the consideration), 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 condensed consolidated 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 nil as at 30 June 2011. Amortization has not been provided for as the Intangible Assets have no book value. It is estimated that the disposal of the Intangible Assets will result in a book profit of approximately RMB7.42 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.

The Equipment was employed by the Group in its production and providing network inspection and maintenance services. For the year ended 31 December 2009, net profit (before and after taxation) attributable to the Equipment was RMB67,019.26. For the year ended 31 December 2010, net loss attributable to the Equipment was RMB1,023,319.95.

The exclusive licence for the technology of sectored array TD-SCDMA smart antenna was granted by the Company to its wholly-owned subsidiary Xi'an Haitian Antenna System and Equipment Co. Ltd. in 2005 at the consideration of RMB22 million. As at 30 June 2011, while the financial statements of Xi'an Haitian Antenna System and Equipment Co. Ltd. as at 30 June 2011 recorded a book value of the licence of approximately RMB8.73 million, the condensed consolidated financial statements of the Company recorded nil book value for the licence. The book value of the trademarks, patents, copyrights and proprietary technologies as at 30 June 2011 and as at the Latest Practicable Date the was nil.

It is expected that the total assets of the Company will be decreased by approximately RMB19.92 million and the total liabilities of the Company will be decreased by RMB25 million as a result of (i) the decrease in book value of the Equipment, the Intangible Assets, the Land and the Building of approximately RMB33.22 million; (ii) the increase in the bank balance of RMB13.30 million; and (iii) the repayment of the bank loan in the principal amount of RMB25 million which was secured by a mortgage over the Land and the Building by using the proceeds of the Disposals.

LETTER FROM THE BOARD

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 formation of the Joint Venture Company constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore are subject to the notification and announcement requirements thereunder.

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. To the best of information, knowledge and belief of the Directors, as at the Latest Practicable Date, none of the Shareholders has a material interest in the Disposals which is different from the interests of the other Shareholders, no Shareholder are required to abstain from voting in respect of the resolutions for the approval of the Disposals, the Agreements and the transactions contemplated thereunder at the EGM.

REQUIREMENTS UNDER 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.

LETTER FROM THE BOARD

THE EGM

Resolutions will be proposed at the EGM for the purpose of approving, among other things, the Joint Venture Agreement, the Agreements and the transactions contemplated thereunder. To the best of information, knowledge and belief of the Directors, as at the Latest Practicable Date, none of the Shareholders was required to abstain from voting in respect of the resolutions for the approval of the Disposals, the Agreements and the transactions contemplated thereunder at the EGM.

A notice convening the EGM to be held at 2:30 p.m. on 28 November 2011 at Meeting Room, Level 4, No. 68 Keji San Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC, is set out on pages 56 to 59 of this circular. The reply slip and form of proxy for use at the EGM are enclosed. Whether or not you are able to attend the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return them to the head office of the Company at No. 66 Jinye Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC (for holders of Domestic Shares), or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17M Floor, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), as soon as possible and in any event, for the reply slip, no later than 8 November 2011, and for the form of proxy, no later than 24 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company shall be closed from 29 October 2011 to 28 November 2011 (both days inclusive), during which period no transfer of shares can be registered. Holders of Domestic Shares and H Shares whose names appear on the register of members of the Company at the close of business on 28 October 2011 shall be entitled to attend and vote at the EGM. In order to qualify to attend and vote at the EGM, all instruments of transfer must be delivered to the head office of the Company at No. 66 Jinye Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC (for holders of Domestic Shares), or the Company's registrar of H Share, Computershare Hong Kong Investor Services Limited at Hopewell Centre, Shops 1712-1716, 17/F, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), no later than 4:30 p.m. on 28 October 2011.

GENERAL

This circular, 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 circular 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 circular misleading.

This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text prevails.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed resolutions referred to in this circular are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions set out in the notice of the EGM.

Yours faithfully
By Order of the Board,
Xi'an Haitian Antenna Technologies Co., Ltd.*
Professor Xiao Liangyong
Chairman

** for identification purpose only*

1. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 31 August 2011, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding borrowings of approximately RMB29.62 million, being secured short term bank loans of approximately RMB24.62 million and unsecured short term other borrowings of approximately RMB5 million.

Security

At the close of business on 31 August 2011, the Group's outstanding borrowings of approximately RMB24.62 million were secured by bank deposits of approximately RMB4.62 million, buildings of carrying value of approximately RMB21.00 million and land use rights of carrying value of approximately RMB0.80 million.

Mortgage and charges

At the close of business on 31 August 2011, except bank deposits, buildings and land use rights pledged as securities mentioned in "Security" section above, the Group had no other outstanding mortgages and charges.

Commitments

At the close of business on 31 August 2011, the Group had capital expenditure in respect of construction cost on properties under construction and acquisition of property, plant and equipment contracted for but not provided of approximately RMB3.08 million.

Guarantees and contingent liabilities

At the close of business on 31 August 2011, the Group had no outstanding guarantees and contingent liabilities.

Except as those disclosed above, there was no other debt securities of the Group issued and outstanding, and authorised or otherwise created but unissued, and term loans, including guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) and unsecured at the close of business on 31 August 2011.

Except as those disclosed above, there was no other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, including guaranteed, unguaranteed, secured and unsecured borrowings and debt at the close of business on 31 August 2011.

2. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group (including internally generated funds, proceeds of RMB40 million from the Disposals and the present available unutilised bank loans of approximately RMB24.62 million as at 31 August 2011), and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

3. MATERIAL ADVERSE CHANGES SINCE 31 DECEMBER 2010

The Directors are not aware of any material adverse change in the financial and trading position of the Company since 31 December 2010 being the date to which the latest published audited financial statements of the Company were made up.

4. FINANCIAL AND TRADING PROSPECTS OF THE COMPANY

In 2011, while the Company is awaiting the result of tender held by the telecommunication operators, it encountered the challenges of decrease in the amount of orders and deficiency in working capital, which result in increase of the unit manufacture cost of our products. The Directors consider that the cooperation with Fujian Sunnada and the Disposals will relieve the Company's deficiency in working capital, strengthen the cash position and reinforce the overall strength of the Company and enhance its creativity in technology.

The Company plans to focus on 2G and 3G base station antennas business that would offer high returns and to reform the manufacture and equipment structure by disposing of unutilized equipment in order to reduce the fixed costs and management costs and to achieve a higher gross profit margin. At the same time, the Company will increase its investment in research and development of new products such as dual antennas and TD-LTE 4G antennas with a view to enhance its operating results and achieve a sustainable development.

5. PROPERTY INTEREST

BMI Appraisals Limited, an independent property valuer, has valued our property interest as at 31 July 2011 and is of the opinion that the value of our property interest as at such date was RMB19 million. The full text of the letter, summary of valuation and valuation certificate with regard to such property interest are set out in Appendix II to this circular.

The table below sets forth the reconciliation between the net book value of our property interest as at 31 December 2010 and the valuation of such property interest as at 31 July 2011:

	<i>RMB (in million)</i>
Net book value of our property interest as at 31 December 2010	23
Movements for the period from 31 December 2010 to 31 July 2011	
Add: Net addition during the period	–
Less: Depreciation and amortization during the period	1
	1
Net book value as at 31 July 2011	22
Valuation deficit	(3)
	19
Valuation as at 31 July 2011	19

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 July 2011 of the property located in the PRC.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心33樓
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

14 October 2011

The Directors

Xi'an Haitian Antenna Technologies Co., Ltd
Room B, 16th Floor,
Yam Tze Commercial Building,
23 Thomson Road,
Wanchai, Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Xi'an Haitian Antenna Technologies Co., Ltd. (the "Company") for us to value the property to be disposed of by the Company and/or its subsidiaries (together referred to as the "Group") located in the People's Republic of China (the "PRC"). We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 July 2011 (the "date of valuation").

BASIS OF VALUATION

Our valuation of the concerned property has been based on the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

In the course of our valuation, we have adopted the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as "the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement". This basis has been used due to the lack of an established market upon

which to base comparable transactions, which generally furnishes the most reliable indication of value for assets without a known used market. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the subject asset in the market and is subject to adequate profitability of the business compared to the value of the total assets employed.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group's PRC legal advisor — Shaanxi Fengrui Lawfirm regarding the title of the property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the property. In the course of our inspection, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the property. We are, therefore, unable to report that the property is free from rot, infestation or any other structural defects.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Property (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan

BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Man C.M. Lam

BCom, MHKIS, RPS(GP), AAPI, CPV
Associate Director

Notes:

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and over 12 years' experience in valuations of properties in the People's Republic of China.

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) and an associate member of Australian Property Institute who has over 6 years' experience in valuations of properties in Hong Kong.

SUMMARY OF VALUE

Property held and occupied by the Group in the PRC

Property	Market Value in existing state as at 31 July 2011 RMB
An industrial complex located at No. 36 Gao Xin Liu Road, High-tech Industrial Development Zone, Xi'an City, Shaanxi Province, the PRC	19,000,000
位於中國 陝西省西安市 高新技術產業開發區 高新六路36號 一個綜合工業項目	
Total:	<u><u>19,000,000</u></u>

VALUATION CERTIFICATE

Property held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2011 RMB
<p>An industrial complex located at No. 36 Gao Xin Liu Road, High-tech Industrial Development Zone, Xi'an City, Shaanxi Province, the PRC</p> <p>位於中國 陝西省西安市 高新技術產業開發區 高新六路36號 一個綜合工業項目</p>	<p>The property comprises a land parcel with a site area of approximately 2,567.5 sq.m. and a 6-storey building and various structures completed in about 2004 erected thereon.</p> <p>The gross floor area of the building is approximately 3,512.32 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 4 August 2050 for industrial uses.</p>	<p>The property is occupied by the Group for industrial and ancillary office uses.</p>	19,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Xi Gao Ke Ji Guo Yong (2007) Di No. 41616, dated 29 May 2007, issued by Xi'an City People's Government (西安市人民政府), the land use rights of the property with a site area of approximately 2,567.5 sq.m. have been granted to the Company for a term expiring on 4 August 2050 for industrial uses.
2. Pursuant to a Building Ownership Certificate, Gao Xin Qu Zi Di No. 1050104012-26-1, dated 29 May 2007, issued by Xi'an State-owned Land Resources Bureau, the building ownership rights of the property with a gross floor area of approximately 3,512.32 sq.m. are legally owned by the Company.
3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
 - a. The land use rights and building ownership rights of the property are legally vested in the Company;
 - b. The land premium of the property has been settled in full;
 - c. The property is subject to a mortgage in favour of Bank of Ningxia (Xi'an Branch) (寧夏銀行西安分行) for a term commencing on 2 December 2010 and expiring on 2 December 2011; and
 - d. The Company has the rights to occupy, use, transfer or dispose of the property in the market.

The following contents are extracted from the full texts of the three PRC valuation reports dated 15 August 2011 prepared by 福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) in respect of (i) the Land and the Building; (ii) the Equipment and the Intangible Assets; and (iii) the production and office equipment to be contributed by the Company to the Joint Venture Company under the Joint Venture Agreement.

福建聯合中和資產評估有限公司 (Fujian Lianhe Zhonghe Appraisal Co. Ltd.*) is an independent qualified valuer in the PRC whose registered address is located at 5th Floor, Shuangfu Building, Gulou District, Fuzhou, Fujian Province, the PRC. It possesses qualifications to conduct asset valuation business granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.

A. EXTRACT OF THE VALUATION REPORT IN RESPECT OF THE LAND AND THE BUILDING

1. Items of the Valuation

The asset under valuation is a property owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) located at Keji San Road, High-Tech District, Xi'an City. Pursuant to a State-owned Land Use Rights Certificate, Xi Gao Ke Ji Guo Yong (2007) Di No. 41616, the land use right of the property with a site area of approximately 2,567.5 sq.m. has been granted to the Company for a term expiring on 4 August 2050. Pursuant to a Building Ownership Certificate, Gao Xin Qu Zi Di No. 1050104012-26-1, the gross floor area of the building is approximately 3,512.32 sq.m..

2. Entrusting Party

福建三元達通訊股份有限公司 (Fujian Sunnada Communication Co., Ltd.*)

3. Purpose of the Valuation

The valuation is to provide the entrusting party with a reference basis on the value of the Land and the Building.

4. Valuation Reference Date

5 August 2011

5. Type and definitions of the Valuation Value

The type of valuation adopted was market value.

Market value represents the estimated value for which the asset under valuation will be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction wherein the parties have acted prudently and without compulsion.

6. Valuation Approach

For the purpose of the valuation, the buildings was valued based on cost method, while the land use right was valued based on standard land price method.

The cost method determines the actual value of the asset under valuation by calculation of the full amount of cost at which the asset under valuation is repurchased or re-built to new condition under reality condition less physical depreciation, and impairment of functional capacity and efficiency of the asset under valuation.

According to the standard land price coefficient adjustment method, the objective price of the land parcel under valuation is estimated by adjusting the standard prices of the land parcels of the same types, for the same use, with the same level or located at the same area released by the governments of various towns and cities through analyzing factors that may affect the price of the land under valuation and by applying a corresponding adjustment coefficient.

7. Assumptions of the Valuation

1. The conclusion arrived in this valuation report was subject to the conditions precedent that the asset under valuation has good title and operates on a going concern basis, and the ownership holder of the asset is competent to conduct effective management of the asset under valuation;
2. There are no significant changes in current national and local laws, regulations and policies applicable to the company and social and economic conditions during the period of forecast;
3. There are no significant changes in, among other things, the prevailing credit and exchange rates;
4. There are no significant changes in tax bases and tax rates;
5. The company is not subject to any significant adverse impact arising from force majeure events or any other unforeseeable factors.

8. Valuation Outcomes

The valuation value of the Land and Building owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) is RMB19.49 million, which includes the valuation value of the Building in the amount of RMB17.04 million and the valuation value of the Land in the amount of RMB2.45 million.

9. Special Notes of the Valuation

1. Within the validity period of the valuation conclusion, if there is any significant change to the factors affecting the value of the subject under valuation, the valuation conclusion shall be adjusted accordingly or a revaluation shall be performed by an entrusted valuation agency (as the case may be).
2. In terms of legal descriptions or legal matters of the asset under valuation (including its ownership or encumbrance) set out in this valuation report, we have performed general investigation in accordance with the requirements of relevant standards. Save for disclosed in the report, the asset under valuation is assumed to have good title and can be transacted in the market.
3. As at the valuation reference date, the property under valuation was pledged to banks. We did not consider the effect of the pledge or any other possible charges or guarantees on the conclusion of the valuation.
4. Taxes on transfer of assets were not considered in this report.
5. During the course of valuation, we received the information deemed necessary for valuation from the valuer engaged by the enterprise under valuation and the entrusting party, for which the enterprise under valuation and the entrusting party shall solely be responsible to the truth, accuracy and sources' legitimacy. The valuer has assumed such information is true, accurate and from legal sources, on which the conclusion of valuation has relied to some extent.
6. For the purposes of the valuation, the carrying amounts provided by the property owner are the figures up to 30 June 2011 as the financial accounts of the property owner for July 2011 have not been finalized as of the valuation reference date.

10. Term of Validity

The conclusion of this valuation report is valid for use till 5 August 2012.

11. Valuation Breakdown of the Building

Amount Unit: RMB

No.	No. of Certificate	Name of Building	Structure	Completion Date	Unit of Measurement	Building Area	Unit Cost (RMB/m ²)	Carrying Value		Valuation Value		Value Added		Unit		
								Original Amount	Net Amount	Original Amount	Newness Rate	Net Amount	Rate	Net Amount	Rate	Valuation Price (RMB/m ²)
1	Xi'an Building Ownership Certificate, Gao Xin Qu Zi Di No. 1050104012-26-1	Testing building	Framework	April 2004	Square meters	3,512.32	7,685.80	26,995,003.51	21,800,114.97	27,930,000.00	61%	17,040,000.00	-22%	4,851		
Total								26,995,003.51	21,800,114.97	27,930,000.00		17,040,000.00		-22%		

B. EXTRACT OF THE VALUATION REPORT IN RESPECT OF THE EQUIPMENT AND THE INTANGIBLE ASSETS

Shareholders and potential investors of the Company should note that as the valuation of the Intangible Assets was based on projections of earnings, the information in relation to the valuation as set out in this circular constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules. The information as disclosed in this circular does not contain all information as required by Rule 19.62, 19.66(3) and paragraph 29(2) of Appendix 1B of the GEM Listing Rules. In particular, this circular does not contained (i) a letter from the Company's auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report; and (ii) a report from the Company's financial advisers confirming that they are satisfied that the forecast has been made by the Directors after due and careful enquiry or a letter from the Board confirming it have made the forecast after due and careful enquiry. Shareholders and potential investors of the Company should therefore exercise caution in reading this circular and considering the information in relation to the valuation of the Intangible Assets.

1. Items of the Valuation

The assets under valuation were machines, equipment and intangible assets (trademarks, patent rights, copyrights and proprietary technologies, etc.) owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*), and the license for the technology of sectored array TD-SCDMA smart antenna owned by 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co., Ltd.*) a subsidiary of 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*).

A total of 10 pieces (sets) of equipment, which are 128 multi-probe 3D radiation pattern test system and related equipment, were under valuation, with aggregate original carrying amounts of RMB16,630,767.81 and aggregate net carrying amounts of RMB10,596,677.49.

The original carrying amount and net carrying amount of the license for the technology of sectored array TD-SCDMA smart antenna owned by 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co., Ltd.*) under valuation were RMB22 million and RMB8,730,285 respectively. The license is exclusively owned by 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co., Ltd.*), with a validity period from 30 December 2005 to 30 December 2014, for production and sale of sectored array TD-SCDMA smart antenna by 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co., Ltd.*) in mainland China licensed by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) in 2005.

The intangible assets owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) under valuation includes trademarks, patent rights, copyrights and proprietary technologies, etc.

Of which, the registered certificate number of the trademarks is 1703623 (with approved services including optical fiber communication, computer-aided information and image transmission, lease of information transmission equipment, lease of telecommunication equipment; information transmission, mobile communication, communication by computer terminals, satellite transmission, e-mail and telecommunication information; validity period: 21 January 2002 – 20 January 2012) and 1666222 (with approved application of antennas, cables, transmitters of electronic signals, electro-dynamic devices for remote control of signals, masts for wireless aeriels, navigational instruments; optical communication instruments, programme control phone exchange facilities, facsimile equipment, navigation equipment and instruments; validity period: 14 November 2001 – 13 November 2011).

The patents already granted and being applied for are as follows:

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
1 寬頻帶微帶贴片天線 (Microstrip patch antenna for broadband use*)	Utility model	535944	ZL 01 2 47007.4	5 September 2001	29 January 2003	4 September 2003
2 寬頻中饋縫隙耦合套筒偶極子共線天線陣 (Wide band center-fed dipole collinear antenna array*)	Utility model	533454	ZL 01 2 46953.X	23 August 2001	15 January 2003	22 August 2003
3 寬頻帶中增益前饋拋物面天線的饋源 (Feed of wide band intermediate gain front feeding parabola antenna*)	Utility model	532567	ZL 02 2 24545.6	10 February 2002	8 January 2003	9 February 2004
4 H型偶極子輻射器 (H-shaped doublet radiator*)	Utility model	518717	ZL 02 2 24471.9	25 January 2002	16 October 2002	24 January 2004
5 波束下傾寬頻全向中饋共線天線陣 (Omnidirectional center-fed colinear antenna array with downwards bevel beam for wide band use *)	Utility model	510835	ZL 01 2 47008.2	5 September 2001	28 August 2002	4 September 2003
6 超寬頻帶室內全向吊頂天線 (Indoor omnidirectional ceiling aerial for ultra-wide band use*)	Utility model	503006	ZL 01 2 46952.1	23 August 2001	17 July 2002	22 August 2003
7 寬頻雙向天線及雙向天線陣 (Two way antenna and two way antenna array for broadband use*)	Utility model	563179	ZL 02 2 62044.3	12 August 2002	16 July 2003	11 August 2004
8 寬頻帶垂直安裝全向天線 (Vertical-mounting omnidirectional antenna for broadband use*)	Utility model	563292	ZL 02 2 62045.1	12 August 2002	16 July 2003	11 August 2004
9 天線陣可調移相器 (Adjustable phase shifter with antenna array*)	Utility model	562859	ZL 02 2 61870.8	7 August 2002	16 July 2003	6 August 2004
10 連續可調移相器 (Continuously adjustable phase shifter*)	Invention	175010	ZL 02 1 39334.6	7 August 2002	6 October 2004	6 August 2006

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
11 雙極化波束賦形基站天線 (Antenna for double-polarized wave beam shaped base station *)	Utility model	561868	ZL 02 2 62021.4	2 August 2002	9 July 2003	1 August 2004
12 單極化波束賦形基站天線 (Antenna for monopole wave beam shaped base station *)	Utility model	562968	ZL 02 2 62022.2	2 August 2002	16 July 2003	1 August 2004
13 一種饋拋物面天線的微帶饋源 (Microstrip feed for front feeding parabola antenna *)	Utility model	545466	ZL 02 2 24556.1	21 February 2002	2 April 2003	20 February 2004
14 波束下傾寬頻全向共線陣列天線及實現方法 (Omnidirectional collinear antenna array with downwards bevel beam for wide band use and its application *)	Invention	180997	ZL 01 1 28778.0	5 September 2001	17 November 2004	4 September 2010
15 一種圓極化手機天線 (Circular polarized antenna for mobile phone*)	Utility model	627906	ZL 03 2 62474.3	16 July 2003	21 July 2004	15 July 2006
16 雙頻寬波束反旋圓極化車載天線 (Circular polarized on-vehicle antenna with dual-frequency wide beam reverse rotation *)	Invention	Guomi No. 2341	ZL 03105698.9	19 May 2003	9 May 2007	18 May 2012
17 一種寬頻帶印刷偶極子共線天線陣 (Broadband printed dipole collinear antenna array*)	Utility model		ZL3262734.3	8 September 2003		7 September 2005
18 多頻段微波小型混合電橋 (small mixed bridge with multiband microwave *)	Utility model	644379	ZL 03 2 6 2698.3	29 August 2003	22 September 2004	28 August 2006
19 小靈通PHS通信系統全向智能天線 (Omnidirectional smart antenna for PHS communication system*)	Utility model	730869	ZL 2004 2 0041838.7	26 April 2004	28 September 2005	25 April 2006
20 極化分集的小靈通PHS通信系統全向智能天線 (Omnidirectional smart antenna for Polarization diversity PHS communication system *)	Invention	344256	ZL 2004 1 0026070.0	26 April 2004	5 September 2007	25 April 2010

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
21 雙極化對稱振子天線 (Dual polarized doublet antenna*)	Utility model	702190	ZL 2004 2 0041839.1	26 April 2004	18 May 2005	25 April 2006
22 寬帶印刷寬縫天線單元 (Broadband printed wide-slot antenna element*)	Utility model	728760	ZL 2004 2 0041837.2	26 April 2004	21 September 2005	25 April 2006
23 同軸串饋印刷振子天線 (Coaxial cross feed printed sub array antenna*)	Utility model	701868	ZL 2004 2 0041967.6	26 May 2004	18 May 2005	25 May 2006
24 四極化六磁區陣列全向天線 (Four-polarized and six-sectored array omnidirectional antenna*)	Invention	345323	ZL 2004 1 0026375.1	28 July 2004	5 September 2007	27 July 2010
25 一種四極化陣列全向天線 (A four-polarized array omnidirectional antenna*)	Utility model	728435	ZL 2004 2 0042266.4	28 July 2004	21 September 2005	27 July 2006
26 寬頻帶微帶基站陣列天線 (Array antenna for broadband microstrip base station *)	Utility model	727992	ZL 2004 2 0085883.2	30 August 2004	21 September 2005	22 August 2006
27 一種多極化磁區陣列天線 (A multi-polarized sectored array antenna*)	Utility model	730082	ZL 2004 2 0085994.3	23 September 2004	28 September 2005	22 September 2006
28 三棱柱八端口PHS基站天線 (Antenna for PHS base station with triangular prisms and eight ports *)	Utility model	753447	ZL 2004 2 0085995.8	23 September 2004	18 January 2006	29 September 2006
29 磁區陣列智能天線 (Sectored array smart antenna*)	Utility model	783382	ZL 2005 2 0078283.8	26 January 2005	24 May 2006	25 January 2010
30 天線罩 (吸頂天線2) (Radome (ceiling antenna 2)*)	Industrial Design	502476	ZL 2005 3 0089795.X	25 March 2005	25 January 2006	24 March 2007
31 天線罩 (板狀天線) (Radome (sector antenna)*)	Industrial Design	490513	ZL 2005 3 0089796.4	25 March 2005	30 November 2005	24 March 2007
32 天線罩 (吸頂天線1) (Radome (ceiling antenna 1)*)	Industrial Design	486641	ZL 2005 3 0089797.9	25 March 2005	2 November 2005	24 March 2007

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
33 一種基於波速切換智能天線的實現裝置 (Device for the utilization of smart antennas switch based on wave speed*)	Utility model	783263	ZL 2005 2 0078662.7	25 April 2005	24 May 2006	24 April 2007
34 基於波速切換式智能天線的移動通信基站及波速切換方法 (Mobile communication base station based on smart antennas using wave speed switch and wave speed switch method*)	Invention	325053	ZL 2005 1 0042658.X	11 May 2005	16 May 2007	10 May 2011
35 空氣微帶天線的固定絕緣卡 (Fixed insulation clip for air micro band antenna*)	Utility model	795945	ZL 2005 2 0078783.1	17 May 2005	12 July 2006	16 May 2007
36 雙極化天線支架 (Dual-polarized antenna support*)	Utility model	795739	ZL 2005 2 00787827	17 May 2005	12 July 2006	16 May 2007
37 空氣微帶天線射頻輸出接頭 (RF output joint for air micro strip antenna*)	Utility model	811553	ZL 2005 2 0078781.2	17 May 2005	30 August 2006	16 May 2007
38 寬頻段90度波束寬度雙極化陣列天線 (Bipolar array antenna with wide frequency 90 degree wave beam*)	Utility model	796982	ZL 2005 2 0078638.3	20 April 2005	12 July 2006	19 April 2007
39 寬波束寬度水平極化天線 (Horizontal polarized antenna with wide wave beam*)	Utility model	797234	ZL 2005 2 0078639.8	20 April 2005	12 July 2006	19 April 2007
40 一種改善低仰角性能的雙頻寬波束圓極化天線 (Dual-frequency wide beam circular polarized antenna for improvement of low elevation angle performance*)	Utility model	836762	ZL 2005 2 0079197.9	5 August 2005	8 November 2006	5 August 2007
41 高增益水平極化全向陣列天線 (High-gain horizontally polarized omnidirectional array antenna*)	Utility model	835868	ZL 2005 2 0079193.0	5 August 2005	8 November 2006	5 August 2007

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
42 有良好低仰角性能的雙頻寬波束圓極化天線 (Double-frequency wide-beam circular-polarized antenna with well low-elevation performance*)	Utility model	864724	ZL 2005 2 0079254.3	16 August 2005	31 January 2007	15 August 2007
43 三頻寬波束圓極化天線 (Triple-frequency broad circular polarized antenna*)	Utility model	918294	ZL 2006 2 0078410.9	20 February 2006	4 July 2007	19 February 2008
44 電調天線控制器 (Electrically controlled antenna controller*)	Utility model	953592	ZL 2006 2 0079156.4	13 June 2006	26 September 2007	12 June 2008
45 一種寬波束水平極化定向天線 (Wide wave beam horizontally polarized directional antenna*)	Utility model	946603	ZL 2006 2 0079752.2	8 September 2006	12 September 2007	7 September 2008
46 板狀天線(TD-SCDMA) (sector antenna (TD-SCDMA)*)	Industrial Design	690061	ZL 2006 3 0090148.5	8 September 2006	5 September 2007	7 September 2008
47 高增益內置天線 (High gain built-in aerial*)	Utility Model	987998	ZL2006 2 0136259.X	4 December 2006	5 December 2007	3 December 2008
48 一種用於基站天線的天饋單元 (An antenna feeder unit for base station antenna*)	Utility Model	1052303	ZL2007 2 0031747.9	9 May 2007	14 May 2008	8 May 2012
49 移動基站天線使用的寬帶天饋單元 (Broadband antenna feeder unit for mobile base station antenna*)	Invention		200710017809.5	9 May 2007	In progress	
50 四頻寬帶天饋單元 (Four-frequency broadband antenna feeder unit*)	Invention		200710188583.5	12 December 2007	Authorized	
51 適於基站天線使用的寬帶雙極化天饋單元 (Double-polarized broadband antenna feeder unit for base station antenna*)	Invention		200710188585.4	12 December 2007	Authorized	
52 用於電調天線的移相器 (Phase shifter for electrically controlled antenna *)	Utility Model	1161421	ZL 2007 2 0311212.7	12 December 2007	14 January 2009	11 December 2011

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
53 TD-SCDMA智能天線展寬頻段的方法 (Method of spreading spectrum of TD-SCDMA smart antenna*)	Invention		200810183296.x	12 December 2008	In progress	
54 GSM/TD-SCDMA雙模基站天線 (GSM/TD-SCDMA dual-mode base station antenna*)	Invention		200810183297.4	12 December 2008	In progress	
55 超寬頻帶雙頻合路器 (Ultra wide band double frequency combiner*)	Utility Model	1353888	ZL 2009 2 0033006.3	8 May 2009	3 February 2010	7 May 2012
56 一種用於移動通信基站天線的寬帶輻射單元 (A broad band radiation element used in mobile communication base station antenna*)	Utility Model	1473943	ZL 2009 2 0034868.8	30 September 2009	30 June 2010	29 September 2011
57 用於基站電調天線的移相器 (Phase shifter used in base station electrically controlled antenna*)	Utility Model		201020148882.3	2 April 2010	In progress	
58 一種用於移動通信的微帶全向天線 (A microstrip omnidirectional antenna used in mobile communication *)	Invention		201010595998.6	19 December 2010	In progress	
59 TD-LTE室內雙極化天線 (TD-LTE indoor double-polarized antenna *)	Invention		201010597094.7	20 December 2010	In progress	
60 TD-GSM-LTE三模雙通道天線 (TD-GSM-LTE three mode double channel antenna *)	Invention		201010598928.6	21 December 2010	In progress	
61 長期演進LTE雙頻高增益全向天線 (LTE double frequency high-gain omnidirectional antenna*)	Invention		201010598967.6	21 December 2010	In progress	
62 直線陣列天線方向圖的優化方法 (optimizing method for linear array antenna pattern*)	Invention		201010598704.5	21 December 2010	In progress	

Patent Name	Patent Category	Patent Certificate#	Patent#	Date of Application	Date of Grant	Validity Period
63 移動通信電調基站天線的內置電驅動裝置 (built-in electrically controlled mobile electric tuning base antenna*)	Invention		201010598703.0	21 December 2010	In progress	
64 用於保護天線的防濺式排水裝置 (splash-proof drainage device used for protection of the antenna*)	Invention		201010598761.3	21 December 2010	In progress	
65 TD-SCDMA及TD-LTE智能天線多通道寬帶校準網絡 (Multi-channel- wideband calibration network for smart antenna of TD-SCDMA and TD-LTE*)	Invention		201010602922.1	23 December 2010	In progress	

In addition, the copyright is set out below:

Name of software copyright	Certificate#	Registration#	Date of Initial Issue	Date of Grant	Validity Period
基站天線分析軟件V1.0 (Analysis Software V1.0 for Base Station*)	005035	2002SR5035	8 December 2001	31 December 2002	7 December 2003

* English translation for identification purpose only

2. Entrusting Party

福建三元達通訊股份有限公司 (Fujian Sunnada Communication Co., Ltd.*)

3. Purpose of the Valuation

The valuation is to provide the entrusting party with a reference basis on the value of the Equipment and the Intangible Assets.

4. Valuation Reference Date

5 August 2011

5. Type and definitions of the Valuation Value

The type of valuation adopted was market value.

Market value represents the estimated value for which the assets under valuation will be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction wherein the parties have acted prudently and without compulsion.

6. Valuation Approach

The valuation was made based on cost method in respect of machines and equipment and on projection of earnings method in respect of intangible assets.

The cost method determines the actual value of the asset under valuation by calculation of the full amount of cost at which the asset under valuation is repurchased or re-built to new condition under reality condition less physical depreciation, and impairment of functional capacity and efficiency of the asset under valuation.

The projection of earnings method forms the basis to determine the value of an asset under which such asset is valued based on its expected profitability. The method provides reference for the investors to make expected investment and judgments and is mainly applicable to the valuation of assets with relatively accurate and reliable estimation of its future expected profitability, rather than such assets with its profitability significantly to be affected by policies or government's adjustments.

7. Assumptions of the Valuation

1. The conclusion arrived in this valuation report was subject to the conditions precedent that assets under valuation has good title and operates on a going concern basis with the place of installation of such machines and equipment remain unchanged, and the ownership holder of the assets is competent to conduct effective management of the assets under valuation;
2. There are no significant changes in current national and local laws, regulations and policies applicable to the company and social and economic conditions during the period of forecast;
3. There are no significant changes in, among other things, the prevailing credit and exchange rates;
4. There are no significant changes in tax basis and tax rates;

5. There are no significant changes in the key markets where the enterprise under valuation provides and carry out, among others, services, management and sales;
6. The company is not subject to any significant adverse impact arising from force majeure events or any other unforeseeable factors.

8. Valuation Outcomes

The valuation value of the Equipment owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) is RMB13,222,835. The intangible assets owned by 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) is RMB5.35 million. The valuation value of the licence for the technology of sectorized array TD-SCDMA smart antenna (TD-SCDMA磁區陣列智能天線製造技術許可) owned by 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co. Ltd.*) is RMB2.07 million.

9. Special Notes of the Valuation

1. Within the validity period of the valuation conclusion, if there is any significant change to the factors affecting the value of the subject under valuation, the valuation conclusion shall be adjusted accordingly or a revaluation shall be performed by an entrusted valuation agency (as the case may be).
2. In terms of legal descriptions or legal matters of the assets under valuation (including their ownership or encumbrance) set out in this valuation report, we have performed general investigation in accordance with the requirements of relevant standards. Save for disclosed in the report, the assets under valuation are assumed to have good title and can be transacted in the market. In addition, we did not consider the effect of any possible pledge, guarantees and additional prices payable by any special transaction party/parties on the conclusion of the valuation.
3. Taxes on transfer of assets were not considered in this report.
4. During the course of valuation, we received the information deemed necessary for valuation from the valuer engaged by the enterprise under valuation and the entrusting party, for which the enterprise under valuation and the entrusting party shall solely be responsible to the truth, accuracy and sources' legitimacy. The valuer has assumed such information is true, accurate and from legal sources, on which the conclusion of valuation has relied to some extent.

5. As advised by the ownership holder, despite the fact that 西安海天無綫系統設備有限公司 (Xi'an Haitian Antenna System and Equipment Co., Ltd.*) holds the exclusive license of TD-SCDMA smart antenna which is the subject under valuation and 西安海天天綫科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) uses such technology in its production in practice, the conclusion of the valuation in respect of such technology license was made on the basis that it was an exclusive license, without taking account into the effect of the above factors on the value thereof.
6. For the purposes of the valuation, the carrying amounts provided by the ownership owner are the figures up to 30 June 2011 as the financial accounts of the ownership owner for July 2011 have not been finalized as of the valuation reference date.

10. Term of Validity

The conclusion of this valuation report is valid for use till 5 August 2012.

11. Valuation Breakdown of the Equipment

No.	Serial No. of Equipment	Name of Equipment	Specifications/Type	Manufacturer	Unit	Number	Date of Purchase	Date of Putting to Use	Carrying Value Original Amount	Valuation Value Newness Rate	Original Amount	Net Amount	Value Added Rate	Remarks	Unit of Amount: RMB						
															Net Amount	Value Added Rate					
1	1-10-001	SAR testing system	COMOSAR TWIN 6AXIS	Antemessa, France	set	1	July 2007	July 2007	1,421,981.00	70%	1,730,000	1,211,000	35%								
2	1-10-002	SG128 multi probe spherical near-field testing system	SG128	SATIMO, France	set	1	July 2007	July 2007	11,998,776.31	70%	15,480,000	10,856,000	44%								
3	2-428	power meter	E4416	Agilent, Germany	set	1	September 2004	September 2004	126,633.88	45%	37,000	16,650	163%								
4	2-429	attenuator	E9321A	Agilent, Germany	set	1	September 2004	September 2004	126,633.87	45%	15,000	6,750	7%								
5	2-441	spectrograph	FSP3	ROHDE&SCHWARD	set	1	March 2005	March 2005	266,151.44	50%	135,000	67,500	407%								
6	2-447	power meter	50M-1000M	BIRD, USA	set	1	May 2005	May 2005	9,300.00	50%	5,000	2,500	438%								
7	2-459	probe multi-probe lab swivel table	step-up type	self-manufactured	set	1	September 2005	September 2005	52,000.00		0	0	-100%	included in No. 2							
8	2-530	passive intermodulation meter	824-984, 890-960, 1710-1880, 1850-1990, 1920-2170MHZ	SUMMITTEK	set	1	September 2009	September 2009	1,210,809.74	85%	1,240,000	1,054,000	29%								
9	2-539	SAR testing seat	carbon fiber manufactured exclusively	Xi'an Tuofei Composite Materials Co., Ltd	set	1	January 2011	January 2011	14,300.00	95%	14,300	13,585	3%								
10		testing software upgrading	active testing only	SATIMO, France	set		October 2009	October 2009	1,305,181.57		0	0	-100%	included in No. 2							
11	7-046	uninterruptible power system	FR-UK/3100 with two battery boxes and 32 batteries	Kelon	set	1	July 2004	July 2004	99,000.00	15%	99,000	14,850	-56%								
										TOTAL											
										10		16,630,767.81		10,596,677.49		17,025,300		13,222,835		25%	

C. EXTRACT OF THE VALUATION REPORT IN RESPECT OF THE PRODUCTION AND OFFICE EQUIPMENT TO BE CONTRIBUTED BY THE COMPANY TO THE JOINT VENTURE COMPANY

1. Items of the Valuation

The asset under valuation involved all the 2,156 sets of machinery equipment with an original carrying value of RMB44,157,391.52 and net carrying value of RMB12,025,159.5.

The purchasing price of machinery equipment (inclusive of transportation fee (net of intangible assets such as software, technical service, technical data)), including its foundation fee, installation and testing fee and relevant taxes (value added tax and customs) was valued. The value added tax of the equipment acquired after 1 January 2009 (not for the equipment acquired prior to the same date) was considered during the valuation. Charges on ancillary facilities were not included.

2. Entrusting Party

福建三元達通訊股份有限公司 (Fujian Sunnada Communication Co., Ltd.*)

3. Purpose of the Valuation

The valuation is to provide the entrusting party with a reference basis on the value of the Equipment and the Intangible Assets.

4. Valuation Reference Date

5 August 2011

5. Type and definitions of the Valuation Value

The type of valuation adopted was market value.

Market value represents the estimated value for which the asset under valuation will be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction wherein the parties have acted prudently and without compulsion.

6. Valuation Approach

The valuation was made based on cost method.

The cost method determines the actual value of the asset under valuation by calculation of the full amount of cost at which the asset under valuation is repurchased or re-built to new condition under reality condition less physical depreciation, and impairment of functional capacity and efficiency of the asset under valuation.

7. Assumptions of the Valuation

1. The conclusion arrived in this valuation report was subject to the conditions precedent that asset under valuation has good title and operates on a going concern basis with its place of installation remain unchanged, and the ownership holder of the asset is competent to conduct effective management of the asset under valuation;
2. There are no significant changes in current national and local laws, regulations and policies applicable to the company and social and economic conditions during the period of forecast;
3. There are no significant changes in, among other things, the prevailing credit and exchange rates;
4. There are no significant changes in tax basis and tax rates;
5. The asset under valuation is not subject to any significant adverse impact arising from force majeure events or any other and unforeseeable factors.

8. Valuation Outcomes

The valuation value of the production and office equipment owned by 西安海天天线科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.*) is RMB12,033,296.

9. Special Notes of the Valuation

1. Within the validity period of the valuation conclusion, if there is any significant change to the factors affecting the value of the subject under valuation, the valuation conclusion shall be adjusted accordingly or a revaluation shall be performed by an entrusted valuation agency (as the case may be).
2. In terms of legal descriptions or legal matters of the asset under valuation (including its ownership or encumbrance) set out in this valuation report, we have performed general investigation in accordance with the requirements of relevant standards. Save for disclosed in the report, the asset under valuation is assumed to have good title and can be transacted in the market. In addition, we did not consider the effect of any pledge, guarantees and additional prices payable by parties for special transactions on the conclusion of the valuation.
3. Taxes on transfer of assets were not considered in this report.

4. During the course of valuation, we received the information deemed necessary for valuation from the valuer engaged by the enterprise under valuation and the entrusting party, for which the enterprise under valuation and the entrusting party shall solely be responsible to the truth, accuracy and sources' legitimacy. The valuer has assumed such information is true, accurate and from legal sources, on which the conclusion of valuation has relied to some extent.
5. For the purposes of the valuation, the carrying amounts provided by the property owner are the figures up to 30 June 2011 as the financial accounts of the property owner for July 2011 have not been finalized as of the valuation reference date.

10. Term of Validity

The conclusion of this valuation report is valid for use till 5 August 2012.

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors, Supervisors and chief executive of the Company

As at the Latest Practicable Date, the interest and short position of the Directors, the Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Domestic Shares (long positions):

Name	Type of interest	Capacity	Number of Domestic Shares	Approximate shareholding percentage in the total issued Domestic Shares	Approximate shareholding percentage in the entire issued share capital of the Company
Professor Xiao Liangyong (肖良勇教授)	Personal	Party acting in concert	180,000,000 (Note 1)	37.09%	27.81%
Mr. Xiao Bing (肖兵先生)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.81%
Mr. Zuo Hong (左宏先生)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%

Notes:

1. The Domestic Shares were held by 西安天安投資有限公司 (Xi'an Tian An Investment Company Limited*) ("Tian An Investment"), which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. By virtue of the SFO, Mr. Xiao Bing was deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment. Professor Xiao Liangyong is the father of Mr. Xiao Bing and a person acting in concert with Mr. Xiao Bing and Ms. Yao Wenli. By virtue of the SFO, Professor Xiao Liangyong was deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.
2. The Domestic Shares were held by 深圳市匯泰投資發展有限公司 (Shenzhen Huitai Investment Development Company Limited*) ("Shenzhen Huitai"), which is beneficially owned by Zuo Hong and Zhang Yinghua in equal share. By virtue of the SFO, each of Zuo Hong and Zhang Yinghua was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.

(b) Directors' interests in assets and contracts

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

(c) Directors', Supervisors' and management shareholders' interests in competing business

As at the Latest Practicable Date, none of the Directors, the Supervisors or the controlling shareholders of the Company and their respective associates has an interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed pursuant to the GEM Listing Rules.

(d) Substantial shareholders' and other shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons, other than a Director, Supervisor or chief executive of the Company, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the

SFO, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

(i) *Substantial shareholders of the Company*

Interests in the Domestic Shares (long positions):

Name of substantial Shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
Tian An Investment	Corporate	Beneficial owner	180,000,000 (Note 1)	37.09%	27.82%
Ms. Yao Wenli (姚文俐女士)	Personal	Held by controlled corporation	180,000,000 (Note 1)	37.09%	27.82%
西安開元控股集團股份有限公司 (Xi'an Kaiyuan Holding Group Co., Ltd.*)	Corporate	Beneficial owner	100,000,000	20.61%	15.45%
Shenzhen Huitai	Corporate	Beneficial owner	75,064,706 (Note 2)	15.47%	11.60%
Ms. Yi Li (易麗女士)	Personal	Held by controlled corporation	75,064,706 (Note 2)	15.47%	11.60%
西安國際信託有限公司 (Xi'an International Trust Co., Ltd.*)	Corporate	Beneficial owner	70,151,471 (Note 3)	14.46%	10.84%
西安市財政局 (Xi'an Finance Bureau*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	10.84%
上海証大投資管理有限公司 (Shanghai Zendai Investment Management Co., Ltd.*)	Corporate	Held by controlled corporation	70,151,471 (Note 3)	14.46%	10.84%

Notes:

- The Domestic Shares were held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. By virtue of the SFO, Ms. Yao Wenli was deemed to be interested in the same 180,000,000 Domestic Shares held by Tian An Investment.
- The Domestic Shares were held by Shenzhen Huitai, which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li was deemed to be interested in the same 75,064,706 Domestic Shares held by Shenzhen Huitai.
- The Domestic Shares were held by Xi'an International Trust Co., Ltd. ("XITC"). By virtue of the SFO, Xi'an Finance Bureau and Shanghai Zendai Investment Management Co., Ltd., which respectively holds more than one third of voting rights of XITC, were deemed to be interested in the same 70,151,471 Domestic Shares held by XITC.

- (ii) Other shareholders who are required to disclose their interests pursuant of Divisions 2 and 3 of Part XV of the SFO

Interests in the Domestic Shares (long positions):

Name of substantial shareholder	Type of interest	Capacity	Number of Domestic Shares held in the Company	Approximate percentage in the total issued Domestic Shares of the Company	Approximate percentage in the total issued share capital of the Company
北京京泰投資管理中心 (Beijing Holdings Investment Management Co., Ltd.*)	Corporate	Beneficial owner	54,077,941 (Note 1)	11.14%	8.36%
京泰實業(集團)有限公司 (Beijing Holdings (Group) Limited*)	Corporate	Held by controlled corporation	54,077,941 (Note 1)	11.14%	8.36%

Interests in the H Shares (long positions):

Name of substantial shareholder	Type of interest	Capacity	Number of H Shares held in the Company	Approximate percentage in the total issued H Shares of the Company	Approximate percentage in the total issued share capital of the Company
Taicom Capital Ltd.	Corporate	Investment manager	13,004,000 (Note 2)	8.04%	2.01%
Carlson Fund Equity Asian Small Cap	Corporate	Investment manager	10,520,000 (Note 2)	6.50%	1.63%
Ms. Song Ying	Personal	Beneficial owner	8,800,000 (Note 2)	5.44%	1.36%

Notes:

- The Domestic Shares were held by Beijing Holdings Investment Management Co., Ltd. ("Beijing Holdings"). By virtue of the SFO, Beijing Holdings (Group) Limited, which holds more than one third of voting rights of Beijing Holdings, was deemed to be interested in the same 54,077,941 Domestic Shares held by Beijing Holdings.
- The details of these shareholders of the Company were based on information as set out in the website of the Stock Exchange. The Company has not been notified by the relevant shareholders and has not received any Corporate Substantial Shareholder Notice from the relevant shareholders.

As at the Latest Practicable Date, save for the persons described in the paragraph headed "Substantial shareholders' and other shareholders' interests" above, the Directors were not aware of any other person (other than the Directors, the Supervisors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

3. SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term valid until 19 May 2013 subject to renewal upon approval by the Shareholders for one or more consecutive terms of three years.

Details of the annual emoluments of the Directors as set out in their respective service contract with the Company are as follows:

	<i>(RMB)</i>
Professor Xiao Liangyong	679,275
Mr. Xiao Bing	425,521
Mr. Zuo Hong	209,821
Mr. Liu Ruixuan	6,000
Mr. Sun Wenguo	6,000
Mr. Li Wenqi	6,000
Mr. Cong Chunshui	6,000
Mr. Xie Yiqun	6,000
Professor Gong Shuxi	36,000
Mr. Lei Huafeng	36,000
Mr. Qiang Wenyu	36,000

As at the Latest Practicable Date, save as disclosed above, none of the Directors and the Supervisors had entered or was proposing to enter into a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the agreement dated 11 June 2011 entered into between the Company as vendor and 陝西海通天線有限責任公司 (Shaanxi Haitong Antenna Company Limited*) as purchaser in relation to, among others, the sale and purchase the Equipment, the Land and the Building;
- (b) the Cooperation Framework Agreement; and
- (c) the Joint Venture Agreement.

5. LITIGATION

As at the Latest Practicable Date, the Company is not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its advice for inclusion in this circular:

Name	Qualification
BMI Appraisals Limited	Property valuer

BMI Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, summary of value and valuation certificate and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, BMI Appraisals Limited:

- (a) was not interested beneficially or otherwise in any Shares or securities in any of subsidiaries or associated corporations (within the meaning of Part XV of the SFO) of the Company;
- (b) did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of subsidiaries or associated corporations of the Company; and
- (c) did not have any interests, either direct or indirect, in any assets which have been, since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company.

7. MISCELLANEOUS

- (a) The registered office of the Company is situated at No. 66 Jinye Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC.
- (b) The principal place of business of the Company in Hong Kong is at Room B, 16th Floor, Yam Tze Commercial Building, 23 Thomson Road, Wanchai, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Hopewell Centre, 17M Floor, 183 Queen's Road East, Wanchai, Hong Kong.

- (d) The company secretary of the Company is Mr. Lun Ka Chun. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (e) The compliance officer of the Company is Mr. Xiao Bing.

Mr. Xiao Bing, aged 45, is the son of Professor Xiao Liangyong, the founder and the Chairman of the Company and an executive Director. Mr. Xiao studied in the college of continuous education of Xidian University (西安電子科技大學). He worked in Xi'an General Factory of Oil Instruments (西安石油勘探儀器總廠) from 1988 to 1991 and was the deputy general manager of Xi'an Haitian Communications Equipment Company Limited (西安海天通訊設備有限公司) from 1999 to 2000. He joined the Group as an executive Director and first assumed the post of president of the Company since October 2000.

- (f) The Company has established an audit committee on 4 April 2003 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. As at the Latest Practicable Date, the audit committee comprised Professor Gong Shuxi and Mr. Lei Huafeng, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. Mr. Lei Huafeng was the chairman of the audit committee. Biographical details of the members of the audit committee are set forth below:

Mr. Lei Huafeng (雷華鋒先生), aged 48, had obtained a MBA from Northwestern University (西北大學). Mr. Lei worked as vice general manager of Xi'an Property Rights Exchange Center (西安產權交易中心) in 1992 and general manager of Xi'an Zenith Assets Evaluation Co. Ltd. (西安正衡資產評估公司) in 1997. He has been the chairman of Xi'an Zenith Assets Evaluation Co. Ltd. and Shaanxi Zenith Group (陝西正衡集團公司) since 2000.

In 2003, Mr. Lei was elected as the commissioner of the ninth session of CPPCC Shaanxi Committee (陝西省政協). Besides, Mr. Lei also holds various positions including the vice-chairman of Shaanxi CPA (陝西省註冊會計師協會); the member of Shaanxi Audit Committee (陝西省審計學會); the independent director of China Dairy Group (中國乳業), a company listed on the Singapore Stock Exchange; Tande Co., Ltd. (天地源股份有限公司), a listed company with its domestic A shares trading on the Shanghai Stock Exchange; and Xi'an Tourism Group (西安旅遊(集團)股份有限公司), a listed company with its domestic A shares trading on the Shenzhen Stock Exchange. He is the director of Cartell of Shaanxi Joint Stock Company Union (陝西省股份制企業聯合會); the vice-chairman of Xi'an System Reform Research Committee (西安市體制改革研究會); and the counsellor of State-owned Assets of Supervision and Administration Commission of Xi'an Municipal Peoples Government (西安市國有資產監督管理委員會).

Professor Gong Shuxi (龔書喜教授), aged 54, graduated from Northwest Institute of Communications Engineering (西北電訊工程學院), now known as Xidian University, with a bachelor degree, and from Xi'an Jiantong University with master and doctorate degrees in electromagnetic and microwave technology and is a professor. Professor Gong became the professor in Antenna Research Institute of Xidian University in 1997. Since October 2000, he was elected as an independent non-executive Director.

Mr. Li Wenqi (李文琦先生), aged 45, graduated from Shaanxi College of Finance and Economics (陝西財經學院), now known as Xi'an Jiaotong University (西安交通大學). He worked for Shaanxi Silk Import & Export Corporation (陝西絲綢進出口公司) ("Shaanxi Silk"), as the deputy chief and manager of planning and finance department from October 1987 to April 1994 and from April 1994 to October 1997 respectively and the assistant to general manager and manager of planning and finance department from October 1997 to May 2001. He is an accountant and the chief accountant and manager of planning and finance department of Shaanxi Silk since May 2001. He joined the Company as a non-executive Director since October 2000.

- (g) Unless otherwise stated, in the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Messrs. K&L Gates at 44th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong within 14 days from the date of this circular:

- (a) the Articles of Association of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 December 2010;
- (c) the material contract referred to in the paragraph headed "Material Contracts" in this Appendix;
- (d) the written consent of the expert referred to in the paragraph headed "Expert and Consent" in this Appendix;
- (e) the valuation report from BMI Appraisals Limited, the text of which is set out in Appendix II to this circular; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "EGM") of Xi'an Haitian Antenna Technologies Co., Ltd., (the "Company") will be held at Meeting Room, Level 4, No. 68 Keji San Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China ("PRC") on 28 November 2011 at 2:30 p.m. for the following purposes to consider and, if thought fit, to pass, with or without modification, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **"THAT** the cooperation framework agreement dated 20 August 2011 entered into between the Company and Fujian Sunnada Communication Co., Ltd.* (福建三元達通訊股份有限公司, "Fujian Sunnada") (the "Cooperation Framework Agreement"), a copy of which has been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated therein, be and are hereby approved, confirmed and/or ratified and that the executive directors of the Company (the "Executive Directors") authorised for and on behalf of the Company, among other matters, to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds be hereby approved, confirmed and ratified, and any Executive Director be and is hereby authorised to do or authorise doing all such acts, matters and things as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Cooperation Framework Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms thereof as he may in his discretion consider to be desirable and in the interest of the Company."
2. **"THAT** the joint venture agreement dated 20 August 2011 entered into between the Company and Fujian Sunnada and Mr. Ren Yuwen (任玉文) (collectively, the "Joint Venture Agreement"), a copy of which has been produced to this meeting marked "B" and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated therein, be and are hereby approved, confirmed and/or ratified and that the Executive Directors authorised for and on behalf of the Company, among other matters, to sign, execute, perfect, deliver or to authorise signing,

* *for identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

executing, perfecting and delivering all such documents and deeds be hereby approved, confirmed and ratified, and any Executive Director be and is hereby authorised to do or authorise doing all such acts, matters and things as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Joint Venture Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms thereof as he may in his discretion consider to be desirable and in the interest of the Company.”

3. “**THAT** a agreement to be entered into between the Company and 西安三元達海天天線有限公司 (Xi’an Sunnada Haitian Antenna Co., Ltd.*) in relation to the sale and purchase of 128 multi-probe 3D radiation pattern test system and ancillary equipment (the “Equipment Sale and Purchase Agreement”), the form of which has been produced to this meeting marked “C” and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated therein, be and are hereby approved, and any Executive Director be and is hereby authorised for and on behalf of the Company to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering the Equipment Sale and Purchase Agreement and to do or authorise doing all such acts, matters and things as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Equipment Sale and Purchase Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms thereof as he may in his discretion consider to be desirable and in the interest of the Company.”
4. “**THAT** an agreement to be entered into between the Company and 西安三元達海天天線有限公司 (Xi’an Sunnada Haitian Antenna Co., Ltd.*) in relation to the sale and purchase of the intangible assets owned by the Company (the “Intangible Assets Sale and Purchase Agreement”), the form of which has been produced to this meeting marked “D” and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated therein, be and are hereby approved, and any Executive Director be and is hereby authorised for and on behalf of the Company to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering the Intangible Assets Sale and Purchase Agreement and to do or authorise doing all such acts, matters and things as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Intangible Assets Sale and Purchase Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms thereof as he may in his discretion consider to be desirable and in the interest of the Company.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “**THAT** an agreement to be entered into between the Company and 西安三元達通訊技術研究院 (Xi’an Sunnada Telecommunication Technology Research Institute*) in relation to the sale and purchase of a parcel of land located at Keji San Lu, Xi’an National Hitech 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 and a complex building of 6-storeys erected thereon with a construction area of 3,512.32 sq.m. (the “Land and Building Sale and Purchase Agreement”), the form of which has been produced to this meeting marked “E” and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated therein, be and are hereby approved, and any Executive Director be and is hereby authorised for and on behalf of the Company to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering the Land and Building Sale and Purchase Agreement and to do or authorise doing all such acts, matters and things as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement the transactions pursuant to the Land and Building Sale and Purchase Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms thereof as he may in his discretion consider to be desirable and in the interest of the Company.”

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

Xi’an, the PRC, 14 October 2011

Notes:

1. The register of members of the Company shall be closed from 29 October 2011 to 28 November 2011 (both days inclusive), during which period no transfer of shares of the Company can be registered.
2. Holders of domestic shares and H shares whose names appear on the register of members of the Company at the close of business on 28 October 2011 shall be entitled to attend and vote at the EGM convened by the above notice and may appoint one or more proxies in writing to attend and, in the event of a poll, vote on their behalves. A proxy need not be a member of the Company.
3. A proxy form for the EGM is herewith enclosed. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H shares, to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited and, for holders of domestic shares, to the Company’s head office no later than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall produce their identity documents when attending the EGM.
5. Shareholders who intend to attend the EGM should complete and return the enclosed reply slip by hand or by post, for holders of H shares, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited and, for holders of domestic shares, to the Company’s head office no later than 8 November 2011.

** for identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. Shareholders or proxies attending the EGM should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against a resolution. Abstention votes will not be regarded by the Company as having voting rights for the purpose of vote counts.
7. The EGM is expected to take half a day. Shareholders or proxies attending the EGM shall be responsible for their own transportation, meal and accommodation expenses.
8. The address of the Company's head office is as follows:

No. 66 Jinye Road
National Hi-tech Industrial Development Zone
Xi'an, Shaanxi Province
The People's Republic of China
Post Code: 710075

Contact person: Mr. Wang Yun
Tel: 86-29-87660027
Fax: 86-29-87660188

The address of the Company's H share registrar is as follows:

Computershare Hong Kong Investor Services Limited
Hopewell Centre
17M Floor
183 Queen's Road East
Wanchai
Hong Kong

As at the date of this notice, 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 notice, 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 notice misleading.