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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 – PROPOSED DISPOSAL OF PROPERTY
AND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

On 10 January 2014 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property at a total consideration of RMB68,000,000. As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceed 25% but is less than 75%, the Proposed Disposal constitutes a major transaction for the Company and are subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

Under the Articles of Association, the Company shall issue a written notice 45 days prior to the holding of a general meeting. The Board believes that it would be in the interests of the Company and the Shareholders as a whole if the notice period is shortened to 25 days in order to enhance the flexibility of the Company in holding general meetings. The proposed amendments to the Articles of Association are subject to approval of the shareholders by way of special resolution at the EGM and the approval of and registration or filing with the relevant PRC government authorities.

A circular which contains, among other things, (i) further information on the Disposal Agreement and the transactions contemplated thereunder; (ii) further information on the proposed amendments to the Articles of Association; and (iii) a notice of the EGM is expected to be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement.

THE DISPOSAL AGREEMENT

On 10 January 2014 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property at a total consideration of RMB68,000,000.

The principal terms of the Disposal Agreement are as follows:

- Date : 10 January 2014
- Parties : the Company as vendor; and
the Purchaser as purchaser.
- Asset to be disposed of : the Property, being various buildings and structures erected on the Land with a site area of approximately 102,619.6 sq.m. and a gross floor area of approximately 39,263.87 sq.m. along with the ancillary facilities attached thereon.
- Consideration : RMB68,000,000 shall be payable by the Purchaser as follows:
- (i) 60% of the consideration (equivalent to RMB40,800,000) shall be payable by cash within 60 days from the effective date of the Disposal Agreement; and
 - (ii) 40% of the consideration (equivalent to RMB27,200,000) shall be payable by cash within 30 days from the effective date of the Transfer of Title.

The consideration was agreed after arm's length negotiations between the Company and the Purchaser with reference to, among other things, the depreciated replacement cost of various buildings and structures erected on the Land of RMB55,000,000 as at 30 November 2013 as assessed by BMI Appraisals Limited.

- Conditions precedent : The Disposal Agreement shall take effect on the date the following conditions are satisfied:
- (i) the Company and the Purchaser sign the Disposal Agreement; and
 - (ii) the Proposed Disposal has been approved by the Shareholders.
- Rights of the Company : the Purchaser has permitted the Company to use certain buildings and structures erected on the Land with a site area of approximately 93.638 mu (equivalent to approximately 62,425.33 sq.m.) for one year from the effective date of the Disposal Agreement free of charge.

INFORMATION ON THE PURCHASER

The Purchaser is a private company incorporated in the PRC with limited liability. It is principally engaged in real estate development and management, real estate strategic planning, sale of building and decorating materials, property leasing and management, high-tech project investment and management consulting (excluding financial, securities and futures investment advices) and business information advices.

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, save as Mr. Xiao Bing, the Chairman of the Company and an executive Director, holds 25% of the equity interest in the Purchaser, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

INFORMATION ON THE GROUP

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 engaged in development, manufacturing and trading of computer software and hardware.

REASONS FOR AND BENEFIT OF THE PROPOSED DISPOSAL

The Company has rented the Land from the Purchaser since June 2006, on which the Group has erected production facility, research and development centre and office buildings. Under the existing lease agreement dated 10 August 2012 between the Company and the Purchaser, the term of the lease of the Land is for two years commencing from 10 August 2012 and the Company is not required to pay any rent.

According to the overall municipal planning of the Xi'an City and the Xi'an Hi-tech Zone, the Land & Resources Bureau has decided to implement the resumption of the Land and the Property. After the resumption of the Land and the Property, the land use of the Land will be changed and the Land will be sold by way of auction with a view to refining the function of the city and optimizing the industrial structure of the Xi'an Hi-tech Zone. The Company understands that it is the policy of the Land & Resources Bureau that it will resume the Land and the Property from the owner of the Land. The Company shall therefore, in line with such policy, sell the Property to the Purchaser.

In view of the overall sluggishness in mobile communications antenna industry, the Group expects that the production scale and sales of antennas will decline gradually. In 2013, the Group has begun the acquisition of technologies and has expanded into the business of antennas control modules and telecommunication system control modules trial and testing, which, as contemplated by the Group, will be its future major stream of revenue. After the completion of the Proposed Disposal, the production of antennas will be undertaken in the buildings and properties erected on the Land with a site area of approximately 93.638 mu (equivalent to approximately 62,425.33 sq.m.) which the Purchaser permits the Company to use free of charge for one year from the effective date of the Disposal Agreement. Besides, given the development and production of antennas control modules and telecommunication system control modules require lesser space than the development and production of antennas, the Group has rented a property of approximately 1,881 sq.m. in the Xi'an Export Processing Zone for the development and production of antennas control module and telecommunication system control module.

Further, as mentioned in section headed "Financial effect of the Proposed Disposal", it is estimated that the Proposed Disposal will result in a book profit of approximately RMB8.45 million for the financial year ending 31 December 2014. The Proposed Disposal will also improve the liquidity and cashflow position of the Group.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement are on normal commercial terms and fair and reasonable, and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

With reference to the unaudited financial statements of the Company for the six months ended 30 June 2013, as at 30 June 2013 the aggregate net book value of the Property was approximately RMB59.55 million. It is estimated that the Proposed Disposal will result in a book profit of approximately RMB8.45 million for the financial year ending 31 December 2014.

USE OF PROCEEDS

The proceeds of RMB68,000,000 from the Proposed Disposal, after deducting expenses arising therefrom of approximately RMB0.7 million and taxation of approximately RMB3.8 million, will be used as to RMB41.70 million for repayment of debts owed to the Purchaser and the balance will be used as general working capital of the Group.

GEM LISTING RULES AND ARTICLES OF ASSOCIATION IMPLICATIONS

As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceed 25% but is less than 75%, the Proposed Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

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 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:

- (i) the expected value of the fixed assets proposed to be disposed of; and
- (ii) the total consideration received by the Company for the disposal 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 RMB27.38 million and 33% of the value of fixed assets of approximately RMB63.47 million as shown in the audited financial statements of the Company for the year ended 31 December 2012, the Proposed Disposal exceeds the limit of the power of the Board in disposing assets of the Company and is subject to the approval of the Shareholders in general meeting.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board will put forward amendments to the Articles of Association for the Shareholders' consideration and approval at the EGM.

Under the Articles of Association, the Company shall issue a written notice 45 days prior to the holding of a general meeting. The Board believes that it would be in the interests of the Company and the Shareholders as a whole if the notice period is shortened to 25 days in order to enhance the flexibility of the Company in holding general meetings.

Accordingly, the Board proposed the following amendments to the Articles of Association:

(a) The existing Article 50 of the Articles of Association reads as follows:

“No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company’s distribution of dividends.”

Article 50 will be amended to read as follows:

“No changes in the register of shareholders due to the transfer of shares may be made within 10 days before the date of a general meeting or within 5 days before the record date for the Company’s distribution of dividends.”

(b) The existing Article 65 of the Articles of Association reads as follows:

“Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 20 days before the date of the meeting.”

Article 65 will be amended to read as follows:

“Written notices of a general meeting shall be given 25 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 5 days before the date of the meeting.”

- (c) The first paragraph of the existing Article 67 of the Articles of Association reads as follows:

“The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company’s total voting shares, the Company may hold the general meeting; if not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the date and place for the meeting. The Company may then hold the general meeting after such publication of announcement. Such announcement shall be advertised in newspapers and periodicals.”

The first paragraph of Article 67 will be amended to read as follows:

“The Company shall, based on the written replies received 5 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company’s total voting shares, the Company may hold the general meeting; if not, then the Company shall within 3 days notify the shareholders again by public announcement of the matters to be considered, and the date and place for the meeting. The Company may then hold the general meeting after such publication of announcement. Such announcement shall be advertised in newspapers and periodicals.”

- (d) The second paragraph of the existing Article 69 of the Articles of Association reads as follows:

“The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 45 days and 50 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders’ meeting.”

The second paragraph of Article 69 will be amended to read as follows:

“The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 25 days and 30 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders’ meeting.”

Each of the proposed amendments set out in this announcement requires the Shareholders’ approval by way of a special resolution. The proposed amendments to the Articles of Association shall come into effect upon the completion of the relevant approval, filing and/or registration procedures in the PRC.

Shareholders should be aware that the Articles of Association was adopted in Chinese only and no official translation is available. The English text of the Articles of Association (or the proposed amendments thereof) as stated in this announcement is only an unofficial translation prepared for reference only. The Chinese version of the Articles of Association shall prevail in case there is discrepancy in the translation and/or inconsistency between the two versions.

THE EGM

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

A circular which contains, among other things, (i) further information on the Disposal Agreement and the transactions contemplated thereunder; (ii) further information on the proposed amendment to the Articles of Association; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable and within 15 business days from the date of this announcement.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as of the date of this announcement
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Disposal Agreement”	the agreement dated 10 January 2014 entered into between the Company and the Purchaser in relation to the Proposed Disposal
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“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 Administration 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
“Land”	a parcel of land located at south of Jinye Road and west of Zhangbasi Road, Xi’an Gao Xin District, Xi’an, Shaanxi Province, the PRC with a site area of approximately 102,619.6 sq.m.
“Land & Resources Bureau”	西安市國土資源局高新技術產業開發區分局 (Xi’an Hi-tech Industrial Development Zone Branch of Xi’an Land and Resources Bureau*)
“mu”	畝(mu), a unit of area which is equivalent to approximately 667 sq.m.
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	buildings and structures erected on the Land with a gross floor area of approximately 39,263.87 sq.m. along with the ancillary facilities attached thereon
“Proposed Disposal”	the proposed disposal of the Property by the Company pursuant to the Disposal Agreement
“Purchaser”	西安海天投資控股有限責任公司 (Xi’an Haitian Investment Holding Co., Ltd.*), a private company incorporated in the PRC with limited liability
“Shareholders”	holders of the Domestic Shares and the H Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC

“sq.m.”	square metre
“Transfer of Title”	the transfer of the title of Property within 90 days from the effective date of the Disposal Agreement and pursuant to the Disposal Agreement
“Xi’an Hi-tech Zone”	西安高新技術產業開發區 (Xi’an National Hi-tech Industrial Development Zone*)
“%”	per cent

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

Xi’an, the PRC, 10 January 2014

As at the date of this announcement, the Board comprises, Mr. Xiao Bing (肖兵先生) and Mr. Zuo Hong (左宏先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閆鋒先生) and Mr. Xie Yiqun (解益群先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Mr. Chen Ji (陳繼先生) and Mr. Qiang Wenyu (強文郁先生) being independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this notice is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

* For identification purpose only