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西安海天天纜科技股份有限公司

**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)**

- (1) SPECIFIC MANDATE TO ISSUE NEW DOMESTIC SHARES;**
- (2) CONNECTED TRANSACTIONS – ISSUE OF NEW DOMESTIC SHARES TO TIAN AN INVESTMENT AND GAOXIANG INVESTMENT;**
- (3) PROPOSED APPOINTMENT OF DIRECTORS AND SUPERVISOR;**
- AND**
- (4) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION**

**SPECIFIC MANDATE TO ISSUE NEW DOMESTIC SHARES**

The Company is pleased to announce that on 26 June 2015 (after trading hours), it entered into a subscription agreement with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for in aggregate 400,000,000 New Domestic Shares at a subscription price of RMB0.105 per New Domestic Share.

Tian An Investment is an associate of Mr. Xiao Bing, the Chairman of the Board, an executive Director, a substantial Shareholder, and hence a connected person of the Company under the GEM Listing Rules. Gaoxiang Investment is an associate of Mr. Chen Ji, an executive Director, and hence a connected person of the Company under the GEM Listing Rules. The Connected Subscription Agreements constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules, and will be subject to the approval of the Independent Shareholders at the Class Meetings and the EGM. Save for the Connected Subscription Agreements, the other Subscription Agreements do not constitute connected transactions under Chapter 20 of the GEM Listing Rules given that none of the Subscribers of the other Subscription Agreements and their ultimate beneficial owners is a connected person of the Company. Having considered that Tian An Investment and Gaoxiang Investment will, in aggregate, subscribe for approximately 55.24% of the 400,000,000 New Domestic Shares, they are regarded as having a material interest different from the other Shareholders in the issue of the New Domestic Shares as a whole. Each of Tian An Investment, Gaoxiang Investment and their respective associates (including Mr. Chen Ji (陳繼先生), who owned 33,660,000 H Shares as at the date of this announcement) are required to abstain from voting at the Class Meetings and the EGM regarding the Subscription Agreements and the transactions contemplated thereunder.

Resolutions will be proposed at the Class Meetings and the EGM to seek the approval of the Independent Shareholders for the grant of the Special Mandate to authorise the Directors to allot and issue the New Domestic Shares.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Subscription Agreements and the transactions contemplated hereunder, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders of the same.

**Completion of the Subscription Agreements is subject to the satisfaction of a number of conditions which are more particularly set out in “Conditions precedent” of this announcement. There is no assurance that any of the conditions to the Subscription Agreements will be fulfilled. Therefore, the issue of the New Domestic Shares may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

#### **PROPOSED APPOINTMENT OF DIRECTORS AND SUPERVISOR**

The Board proposed to appoint of Mr. Li Peng (李鵬先生) as non-executive Director, Mr. Tu Jijun (涂繼軍先生) as independent non-executive Director and Mr. Zhang Yi (張毅先生) as independent Supervisor.

## **GENERAL**

A circular containing further information on (i) the Subscription Agreements; (ii) the Specific Mandate; (iii) the proposed amendment of the Articles of Association; (iv) advice from the Independent Financial Adviser; and (v) recommendation from the Independent Board Committee, together with notices of the EGM and the Class Meetings, will be sent to the Shareholders as soon as possible.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 23 March 2015, in relation to, among other things, (a) proposal of the Board to convene the Class Meetings and the EGM for the grant of the specific mandate by the Independent Shareholders to the Board to issue not more than 400,000,000 New Domestic Shares; and (b) the proposed amendment of the Articles of Association.

The Company is pleased to announce that on 26 June 2015 (after trading hours), it entered into a subscription agreement with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for in aggregate 400,000,000 New Domestic Shares at a subscription price of RMB0.105 per New Domestic Share.

## **THE SUBSCRIPTION AGREEMENTS**

The principal terms of the Subscription Agreement with each of the Subscribers are identical, except for the number of New Domestic Shares to be subscribed by each of the Subscribers and total Subscription Price payable therefor as more particularly set out in “The Subscription Agreements – New Domestic Shares” of this announcement and otherwise specified below.

Summarised below are the principal terms of the Subscription Agreements:

### **1. Date**

26 June 2015

### **2. Parties**

- (i) the Company
- (ii) the respective Subscribers

### 3. New Domestic Shares

Details of the New Domestic Shares to be subscribed by each of the Subscribers are as follows:

Subscriber	As at the Last Trading Date and the date of this announcement			Immediately following the allotment and issue of the New Domestic Shares		
	Approximate		Approximate % of the total issued share capital	Approximate		Total Subscription Price (RMB)
	Number of New Domestic Shares	% of the total issued Domestic Shares		% of the total issued Domestic Shares	Approximate % of the total issued share capital	
Tian An Investment	148,363,637	30.58%	15.68%	16.75%	11.01%	15,578,182
Gaoxiang Investment	119,693,333	24.66%	12.64%	13.52%	8.89%	12,567,800
Haorun Investment	70,000,000	14.42%	7.39%	7.91%	5.20%	7,350,000
Yinji Investment	20,000,000	4.12%	2.11%	2.26%	1.48%	2,100,000
Hongshi Investment	18,500,000	3.81%	1.95%	2.09%	1.37%	1,942,500
Maokou Commerce and Trading	18,500,000	3.81%	1.95%	2.09%	1.37%	1,942,500
Mr. Jiao Chengyi (焦成義先生)	4,943,030	1.02%	0.52%	0.56%	0.37%	519,018
Total:	<u>400,000,000</u>	<u>82.42%</u>	<u>42.24%</u>	<u>45.18%</u>	<u>29.69%</u>	<u>42,000,000</u>

The 400,000,000 New Domestic Shares represent:

- (i) approximately 82.42% of the total issued Domestic Shares as at the Last Trading Day and the date of the Subscription Agreement;
- (ii) approximately 42.24% of the total issued share capital of the Company as at the Last Trading Day and the date of the Subscription Agreement;
- (iii) approximately 45.18% of the total issued Domestic Shares as enlarged by the issue of the New Domestic Shares; and
- (iv) approximately 29.69% of the total issued share capital of the Company as enlarged by the issue of the New Domestic Shares.

#### **4. The Subscription Price and payment terms**

As disclosed in the Announcement, the Company will make enquiries with the existing holders of the Domestic Shares on the number of New Domestic Shares which they will subscribe for. If any existing holders of the Domestic Shares does not subscribe for the New Domestic Shares proposed to be placed to him/it, or subscribe for less than the maximum number of New Domestic Shares proposed to be placed to him/it, the Company will use its best efforts to place such untaken New Domestic Shares to other investors on same terms. Upon inquired by the Company with the existing holders of the Domestic Shares, only Tian An Investment agreed to subscribe for the Domestic Shares proposed to be placed to it. The Company therefore placed the untaken New Domestic Shares to the Subscribers on the Subscription Price.

The Subscription Price of RMB0.105 (equivalent to approximately HK\$0.13) per New Domestic Share was determined principally with reference to the net asset value of the Company as at 31 December 2014 of RMB0.013 per Share, the financial performance of the Company for the two years ended 31 December 2014 and the non-listing status of the New Domestic Shares. The Domestic Shares are not listed and therefore there is no publicly available trading price. Since the trading price of the H Shares was the only publicly available information regarding the price of the Shares, the Directors have also taken into account the then prevailing market capitalization (i.e., market price) of the H Shares as of the Lasting Trading Date, but considered that it shall not be a principal nor material factor given the fact that the Domestic Shares and the H Shares are different classes of Shares and the Domestic Shares are not listed on any stock exchange. Owing to these reasons, the Subscription Price remained at RMB0.105 notwithstanding that the price of H Shares has increased since the Last Trading Date.

Having considered the Subscription Price represents approximately 707.69% over the net asset value of the Company of approximately 0.013 per Share, the relatively weak financial performance of the Group in past two financial years, the benefits of the issue of Domestic Shares and there is no better financing alternatives available to the Group as disclosed in “Reasons for and the benefits of the issue of the New Domestic Shares”, the Directors (excluding the independent non-executive Directors who will form their view after taking into consideration the advice of the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable.

As advised by the PRC legal adviser of the Company, the issue of New Domestic Shares including the mechanism in determining the Subscription Price complies with the relevant PRC laws and regulations since (i) the Subscription Price, which exceeds the par value of RMB0.10 per Share, complies with section 127 of the Company Law of the PRC which provides that the issue price of shares may be the par value and may exceed the par value but shall not below the par value of shares, and (ii) there are no other PRC laws and regulations which regulate the basis in determining the issue price of domestic shares of overseas-listed companies.

**For illustration purpose only**, the Subscription Price of RMB0.105 (equivalent to approximately HK\$0.13) per New Domestic Share represents:

- (i) a discount of approximately 55.93% to the closing price of HK\$0.295 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 60.94% to the average closing price of HK\$0.329 per H Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 59.38% to the average closing price of HK\$0.320 per H Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 553.85% to the closing price of HK\$0.85 per H Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and
- (v) a premium of approximately 707.69% over the net asset value of the Company of approximately RMB0.013 per Share based on the Company's audited consolidated net asset value of RMB8,565,001 as at 31 December 2014.

The net Subscription Price, after deduction of relevant expenses, is approximately RMB0.1025 per New Domestic Share.

The total Subscription Price is to be satisfied by each Subscriber by way of bank transfer or such other method as the Company and each Subscriber may agree.

## 5. Conditions precedent

Completion of each of the Subscription Agreements is conditional upon the satisfaction of the conditions below:

- (a) the obtaining by the Company of the approval by the Shareholders (in respect of the Connected Subscription Agreements, the Independent Shareholders) for the Subscription Agreement and the transactions contemplated thereunder in accordance with the Articles of Association and the relevant laws and regulations;
- (b) the obtaining by the Company of all consents and approvals required for the issue of the New Domestic Shares from the relevant regulatory authorities (if any);
- (c) each of the parties to the Subscription Agreement has not committed a material breach of the terms thereof; and
- (d) the completion of the other Subscription Agreements.

As advised the PRC legal adviser of the Company, the issue of the New Domestic Shares shall be approved by the Department of Commerce of Shaanxi Province\* (陝西省商務廳) and does not require to be approved by the China Securities Regulatory Commission (中國證券監督管理委員會). Following the obtain of the approval of the Department of Commerce of Shaanxi Province\* (陝西省商務廳), the Company will undertake the registration procedures with the Department of Industry and Commerce\* (工商行政管理部門).

If any of the above conditions is not satisfied on or before 31 December 2015 (or such other date as may be agreed by the parties to the Subscription Agreement), the Subscription Agreement shall be terminated and, save for any antecedent breach, the rights and obligations of each of the parties to the Subscription Agreement shall cease and determine.

The Specific Mandate, if approved by the Independent Shareholders at the Class Meetings and the EGM, will be valid for 12 months from the date of the Class Meetings and the EGM.

## 6. Completion

Each Subscription Agreement is to be completed on the third (3rd) business day after the satisfaction of the conditions, or at such other date as may be agreed between the Company and the Subscriber.

### USE OF PROCEEDS

The gross proceeds from the issue of the New Domestic Shares will be RMB42 million. The estimated net proceeds from the issue of the New Domestic Shares will be approximately RMB41 million. The Board intends that the net proceeds will be used as follows:

- (i) approximately RMB15 million for the purchase of new office space and production plants (the "New Production Base");
- (ii) approximately RMB16.5 million for research and development, production and operation of Haitian Aerospace;
- (iii) approximately RMB9 million for research and development, production and operation of Haitian Marine; and
- (iv) the remaining balance of approximately RMB0.5 million for marketing of the Group and its products and services.

Further information regarding the Group's plans with respect to Haitian Aerospace and Haitian Marine is as follows:

#### 1. Production plants

The research and development of Haitian Aerospace and Haitian Marine are currently carried out in the existing production plants of the Group in Xi'an, Shaanxi Province. It is the current plan of the Group to relocate the research and development and production facilities of Haitian Aerospace and Haitian Marine to the New Production Base in Xi'an, Shaanxi Province to be purchased and established by the Group.



## 2. Major products and tentative timetable

### *Haitian Aerospace*

Major products	Research and development	Tentative timetable	
		Trial production	Small volume production
Intermediate heavy-lift unmanned aerial vehicle	May – November 2015	December 2015 – March 2016	From April 2016
Training drone	April – November 2015	December 2015 – March 2016	From April 2016

### *Haitian Marine*

Major products	Research and development	Tentative timetable		
		Trial production	Small volume production	Mass production
Underwater robots	March – October 2015	October – November 2015	November – December 2015	From December 2015
Logistic management system for breeding of aquatic products	March – September 2015	September – October 2015	October – November 2015	From November 2015
Petroleum logging system	March – August 2015	August – October 2015	September – October 2015	From October 2015

### 3. Funding plan

#### *Haitian Aerospace*

Major investment	Particulars	Funding plan (RMB million)	
		Funding requirements	Proceeds from the issue of New Domestic Shares
Research and development	Raw materials, technical support service fee, salary of R&D personnel, R&D testing software, equipment and tools	7	7
Production and processing fee for trial production	Shell molding fee, body structure processing fee, raw material media combination processing and outsourcing fees, and testing fee	3	3
Production	Raw materials, contractor processing fee, staff salaries and packaging and transportation fee	11 <sup>1</sup>	6
Marketing and general working capital	Promotion, participating in exhibitions and fairs, and travelling expenses	0.5	0.5
		<u>21.5</u>	<u>16.5</u>

*Note 1:* The Group plans to finance the balance of RMB5 million by internal resources or bank borrowings.

## *Haitian Marine*

<b>Major investment</b>	<b>Particulars</b>	<b>Funding plan</b> <i>(RMB million)</i>	
		<b>Funding requirements</b>	<b>Proceeds from the issue of New Domestic Shares</b>
Research and development	Raw materials, technical support service fee, salary of R&D personnel, and equipment and tools	2.5	2.5
Production	Raw materials, contractor processing fee, staff salaries and packaging and transportation fee	5	5
Marketing	Promotion, participating in exhibitions and fairs, and travelling expenses	0.5	0.5
General working capital		<u>1</u>	<u>1</u>
		<u>9</u>	<u>9</u>

#### **4. Sales and marketing**

The Group's general manager, Mr. Zou Hong (左宏先生), who possesses extensive experience in sales and marketing and an extensive business network, will be responsible for the sale and marketing activities of Haitian Aerospace and organizing a sales team. Haitian Marine has established a dedicated sales team led by an experienced sales supervisor. Haitian Aerospace and Haitian Marine will directly contact and visit potential customers and participate in relevant exhibitions and trade fairs to promote and market their products.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE NEW DOMESTIC SHARES**

It is the long term strategy of the Group to diversify its operations, and the Board is interested in those projects that can have a growth potential and/or provide a long term and stable income to the Group. The issue of the New Domestic Shares represents a good opportunity not only for raising capital for the Group to fulfill its capital requirements in investment, expansion and development of existing and new businesses, but also for strengthening the financial position of the Group. Besides, the Board considers that the issue of the New Domestic Shares will broaden the capital and shareholder base of the Company and, at the same time, increase the net asset value per Share, notwithstanding the dilution effect to the percentage in shareholding of the existing Shareholders as a whole.

The Company has considered alternatives for the Group to raise funds other than through the issue of the New Domestic Shares, including but not limited to, debt financing and equity financing. Regarding debt financing, the Directors are of the view that debt financing will inevitably incur additional finance costs to the Group, which may have adverse impacts on the financial performance of the Group. On the other hand, pre-emptive issues (such as rights issue and open offer) usually will incur higher costs, which include underwriting commissions, documentation preparation costs and professional fees. Furthermore, issue of new H Shares requires the approval of the China Securities Regulatory Commission and the timing of its approval is uncertain, whereas the issue of new Domestic Shares requires the approval of the Department of Commerce of Shaanxi Province\* (陝西省商務廳) which in general will take less than 30 days. Given the liquidity of the Shares and loss-making track record of the Group, it would be difficult for the Company to identify potential underwriter or placing agent. The Company hence did not consider pre-emptive issues to be desirable alternatives to the issue of the New Domestic Shares.

Having considered, among other things, the foregoing reasons for and benefits of the issue of the New Domestic Shares, the Directors (excluding the independent non-executive Directors who will form their view after taking into consideration of the advice of the Independent Financial Adviser) are of the view that the terms of the Subscription Agreements are fair and reasonable, and the Subscription Agreements and the transactions contemplated thereunder (including the issue of the New Domestic Shares) are in the interests of the Company and the Shareholders as a whole.

## **SPECIFIC MANDATE**

Resolutions will be proposed at the Class Meetings and the EGM to seek the approval of the Independent Shareholders for the grant of the Special Mandate to authorise the Directors to allot and issue the New Domestic Shares.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE ISSUE OF THE NEW DOMESTIC SHARES

For reference and illustrative purpose only, assuming that: (1) the Subscription Agreements are completed in accordance with their respective terms and conditions; and (2) no further Shares are issued by the Company from the date of this announcement to the date of completion of the Subscription Agreements, the changes in the share capital and shareholding of the Company are set out below. Save as Mr. Chen Ji (陳繼先生) and his associates (including Gaoxing Investment), it is expected that there will not be any new substantial Shareholder as a result of the completion of the issue of the New Domestic Shares.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the New Domestic Shares	
	Number of Shares	Approximate % of the total issued share capital	Number of Shares	Approximate % of the total issued share capital
<b>Domestic Shares</b>				
<i>Existing holders of Domestic Shares</i>				
Tian An Investment <sup>1</sup>	180,000,000	19.00%	328,363,637	24.38%
Xi'an International Medical Investment Company Limited* (西安國際醫學投資股份有限公司) <sup>2</sup>	100,000,000	10.56%	100,000,000	7.42%
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司)	75,064,706	7.93%	75,064,706	5.57%
Chang'an International Trust Co., Ltd.* (長安國際信託股份有限公司) <sup>2</sup>	70,151,471	7.41%	70,151,471	5.21%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) <sup>2</sup>	54,077,941	5.71%	54,077,941	4.01%
Mr. Chen Xiao Bin (陳曉濱先生) <sup>2</sup>	6,000,000	0.63%	6,000,000	0.45%
<i>Subscriber which is a connected person of the Company</i>				
Gaoxiang Investment <sup>3</sup>	-	-	119,693,333	8.89%
<i>Domestic Shares held by the public</i>				
Haorun Investment	-	-	70,000,000	5.20%
Yinji Investment	-	-	20,000,000	1.48%
Hongshi Investment	-	-	18,500,000	1.37%
Maokou Commerce and Trading	-	-	18,500,000	1.37%
Mr. Jiao Chengyi (焦成義先生)	-	-	4,943,030	0.37%
Domestic Shares sub-total:	485,294,118	51.24%	885,294,118	65.72%
<b>H Shares</b>				
H Shares held by the public	428,116,706	45.21%	428,116,706	31.78%
Mr. Chen Ji (陳繼先生) <sup>4</sup>	33,660,000	3.55%	33,660,000	2.50%
H Shares sub-total	461,764,706	48.76%	461,764,706	34.28%
<b>Total:</b>	<b>947,058,824</b>	<b>100%</b>	<b>1,347,058,824</b>	<b>100%</b>

*Notes:*

1. Tian An Investment is beneficially owned as to 60% by Mr. Xiao Bing, an executive Director, and 40% by his mother Ms. Yao Wenli.
2. A promoter of the Company and hence a connected person of the Company under the GEM Listing Rules.
3. Gaoxiang Investment is beneficially owned by the spouse and mother-in-law of Mr. Chen Ji, an executive Director, in equal share.
4. Mr. Chen Ji (陳繼先生) is an executive Director.

## **EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS**

<b>Date of announcement</b>	<b>Capital raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
27 July 2014	Issue of 300,000,000 new H Shares under specific mandate	HK\$55.60 million	Repayment of the bank loans of the Group, business operations, and general working capital of Haitian Antenna (Shanghai) International Trade Limited* (海天天綫(上海)國際貿易有限公司)	HK\$53.41 million <sup>1</sup> . The remaining balance of approximately HK\$2.19 million will be used for staff costs and equipment upgrade for the research and development and trial-run of new base station antennas expected by October 2015.

*Note:*

1. As to (i) HK\$25.73 million for repayment of bank loans of the Group; (ii) HK\$21.38 million for business operation of the Group (including HK\$16.38 million for procurements for radio frequency modules for mobile communications (“**RF module**”), HK\$2 million for marketing and technical upgrade of the RF module, HK\$2.52 million for expansion of network optimization and comprehensive maintenance services and approximately HK\$0.48 million for staff costs and equipment upgrade for the research and development and trial-run of new base station antennas; and (iii) HK\$6.30 million for working capital of Haitian Antenna (Shanghai) International Trade Limited\* (海天天綫(上海)國際貿易有限公司) to expand its import and export business.

## INFORMATION ON THE COMPANY

The Company is a joint stock limited company incorporated in the PRC with limited liability. 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 Company and its subsidiaries also provide technical support, system integration and installation services of base station antennas.

In March 2015, combined with the Company's communication technologies and research and development strengths, three subsidiaries were established, namely, Haitian Marine, Haitian Aerospace and Haitian Automotive, in order to expand existing business areas and improve market competitiveness of the Group.

## INFORMATION ON THE SUBSCRIBERS

**Tian An Investment** is an investment holding company established in the PRC on 26 January 2005, and is beneficially owned as to 60% by Mr. Xiao Bing, an executive Director, and 40% by his mother Ms. Yao Wenli. As at the date of this announcement, Tian An Investment is interested in 180,000,000 Domestic Shares, representing approximately 19.00% of the total issued share capital of the Company.

**Gaoxiang Investment** is a company incorporated in the PRC with limited liability on 28 March 2012 and principally engaged in industrial investment, investment management and the provision of enterprise management consultation. Gaoxiang Investment is beneficially owned by the spouse and mother-in-law of Mr. Chen Ji, an executive Director, in equal share.

**Haorun Investment** is a company incorporated in the PRC with limited liability on 12 March 2010 and principally engaged in investment in high and new technology projects and the provision of investment management consultation. Haorun Investment is beneficially owned as to 50% by Mr. Wang Yun (王贊先生) (secretary to the Board) and approximately 8.33% by each of Mr. Li Peng (李鵬先生) (general manager of Haitian Marine), Mr. Xu Hao (徐浩先生) (head of finance department of the Company), Ms. Qiu Ping (邱萍女士) (deputy head of finance department of the Company), Ms. Wang Jiefan (王潔凡女士) (supervisor of the department of company secretary to the Board, head of human resources department and administrative department of the Company), Mr. Yang Cheng (楊城先生) (deputy general manager of Haitian Marine) and Ms. Huang Ying (黃瑩女士) (cashier of finance department of Haitian Marine).

**Yinji Investment** is a company incorporated in the PRC with limited liability on 26 April 2013 and principally engaged in, among other things, investment in high and new technology projects. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Yinji Investment and its ultimate beneficial owners is an Independent Third Party.

**Hongshi Investment** is a company incorporated in the PRC with limited liability on 31 March 2012 and principally engaged in, among other things, provision of investment consultation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Hongshi Investment and its ultimate beneficial owners is an Independent Third Party.

**Maokou Commerce and Trading** is a company incorporated in the PRC with limited liability on 12 June 2014 and principally engaged in, among other things, sale of construction materials. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Maokou Commerce and Trading and its ultimate beneficial owners is an Independent Third Party.

**Mr. Jiao Chengyi (焦成義)** is an Independent Third Party, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries,.

Yinji Investment, Hongshi Investment, Maokou Commerce and Trading and Mr. Jiao Chengyi are business contacts of and introduced to the Company by Mr. Xiao Bing and Mr. Chen Ji, executive Directors.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

Tian An Investment, which information is set out in "Information on the Subscribers" of this announcement, is an associate of Mr. Xiao Bing, the Chairman of the Board, an executive Director, a substantial Shareholder, and hence a connected person of the Company under the GEM Listing Rules.

Gaoxiang Investment, which information is set out in "Information on the Subscribers" of this announcement, is an associate of Mr. Chen Ji, an executive Director, and hence a connected person of the Company under the GEM Listing Rules.

The Connected Subscription Agreements constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules, and will be subject to the approval of the Independent Shareholders at the Class Meetings and the EGM. Save for the Connected Subscription Agreements, the other Subscription Agreements do not constitute connected transactions under Chapter 20 of the GEM Listing Rules given that none of the Subscribers of



the other Subscription Agreements and their ultimate beneficial owners is a connected person of the Company. Having considered that Tian An Investment and Gaoxiang Investment will, in aggregate, subscribe for approximately 55.24% of the 400,000,000 New Domestic Shares, they are regarded as having a material interest different from the other Shareholders in the issue of the New Domestic Shares as a whole. Each of Tian An Investment, Gaoxiang Investment and their respective associates (including Mr. Chen Ji (陳繼先生), who owned 33,660,000 H Shares as at the date of this announcement) are required to abstain from voting at the Class Meetings and the EGM regarding the Subscription Agreements and the transactions contemplated thereunder.

Each of Mr. Xiao Bing and Mr. Chen Ji, being an executive Director, has abstained from voting at the relevant Board meeting approving the Connected Subscription Agreements.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Subscription Agreements and the transactions contemplated hereunder, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders of the same.

**Completion of the Subscription Agreements is subject to the satisfaction of a number of conditions which are more particularly set out in “The Subscription Agreements – Conditions precedent” of this announcement. There is no assurance that any of the conditions to the Subscription Agreements will be fulfilled. Therefore, the issue of the New Domestic Shares may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## **PROPOSED APPOINTMENT OF DIRECTORS**

The Company will seek the approval of the Shareholders at the EGM for the appointment of Mr. Li Peng (李鵬先生) as non-executive Director, Mr. Tu Jijun (涂繼軍先生) as independent non-executive Director, and Mr. Zhang Yi (張毅先生) as independent Supervisor with effect from the conclusion of the EGM.

The biographical particulars of Mr. Li, Mr. Tu and Mr. Zhang are as follows:

**Mr. Li Peng (李鵬先生)**, aged 35, graduated from Northwest University\* (西北大學) with a Bachelor of Business Management at in July 2002. Mr. Li was the secretary to Chairman of Zhejiang Beilin Industrial Group Co., Ltd.\* (浙江貝林實業集團有限公司) from 2001 to 2002, the deputy general manager of Zhejiang Tongda Communications Construction Group Co., Ltd.\* (浙江通達交通建設集團有限公司) from 2002 to 2009, and the chairman of Shaanxi Granfoo Industrial Co., Ltd.\* (陝西格蘭浮實業有限公司) from 2009 to 2015. Since 2015, Mr. Li served as general manager of Xi’an Haitian Marine Technologies Co., Ltd.\* (西安海天海洋科技有限公司), a wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Li owns approximately 8.33% equity interest in Haorun Investment. Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, as at the date of this announcement, Mr. Li (i) has no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) has no interest in the Shares within the meaning of Part XV of the SFO; and (iii) does not hold any position with the Company or its subsidiaries and does not have any other directorship held in listed public companies in the last three years.

Save as disclosed herein, the Company considers that in relation to the appointment of Mr. Li, there is no information which is discloseable pursuant to any of the requirements under Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules and there is no other matter which needs to be brought to the attention of the Shareholders.

The Company proposes to enter into a service agreement with Mr. Li for an initial term commencing from the conclusion of the EGM to 28 June 2016, pursuant to which service agreement Mr. Li will be entitled to receive remuneration in the amount of RMB50,000 per month (before tax and including his salary as general manager of Haitian Marine). The proposed remuneration of Mr. Li was determined on the basis of the prevailing market rate and taking into account of his experience.

**Mr. Tu Jijun** (涂繼軍先生), aged 49, obtained Bachelor of Engineering from Xidian University\* (西安電子科技大學) in July 1986. Since September 1986, Mr. Tu worked at information technology department of Shaanxi Branch of Bank of China\* (中國銀行陝西省分行).

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, as at the date of this announcement, Mr. Tu (i) has no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) has no interest in the Shares within the meaning of Part XV of the SFO; and (iii) does not hold any position with the Company or its subsidiaries and does not have any other directorship held in listed public companies in the last three years.

Save as disclosed herein, the Company considers that in relation to the appointment of Mr. Tu, there is no information which is discloseable pursuant to any of the requirements under Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules and there is no other matter which needs to be brought to the attention of the Shareholders.

The Company proposes to enter into a service agreement with Mr. Tu for an initial term commencing from the conclusion of the EGM to 28 June 2016, pursuant to which service agreement Mr. Tu will be entitled to receive remuneration in the amount of RMB1,000 per month. The proposed remuneration of Mr. Tu was determined on the basis of the prevailing market rate and taking into account of his experience.

**Mr. Zhang Yi (張毅先生)**, aged 45, graduated from Accounting Department of Shaanxi Advanced Finance College\* (陝西高等財政專科學校) with a Bachelor of Accounting in July 1992, and obtained accountant qualification (intermediate title) in November 1998. Mr. Zhang worked at finance department of Xi'an Tang Cheng Group Co., Ltd.\* (西安唐城集團股份有限公司) from August 1992 to January 1996, engaged in supervising work at finance department of Xi'an Kaiyuan Shopping Mall\* (西安開元商城購物中心) from January 1996 to January 2003, and worked at finance department and served as head of consolidation team of the Company from January 2003 to March 2010. Since March 2010, Mr. Zhang joined finance department of Shaanxi Feilong Furniture & Decoration Ltd.\* (陝西飛龍傢俬裝飾有限公司).

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, as at the date of this announcement, Mr. Zhang (i) has no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) has no interest in the Shares within the meaning of Part XV of the SFO; and (iii) does not hold any position with the Company or its subsidiaries and does not have any other directorship held in listed public companies in the last three years.

Save as disclosed herein, the Company considers that in relation to the appointment of Mr. Zhang, there is no information which is discloseable pursuant to any of the requirements under Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules and there is no other matter which needs to be brought to the attention of the Shareholders.

The Company proposes to enter into a service agreement with Mr. Zhang for an initial term commencing from the conclusion of the EGM to 28 June 2016, pursuant to which service agreement Mr. Zhang will be entitled to receive remuneration in the amount of RMB1,000 per month. The proposed remuneration of Mr. Zhang was determined on the basis of the prevailing market rate and taking into account of his experience.

## **PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION**

Resolutions will be proposed at the EGM to approve the amendment of the Articles of Association in view of the proposed increase of the number of the Directors from nine Directors to eleven Directors, and the proposed increase of the members of supervisory committee of the Company from three members to five members.

Details of the proposed amendment of the Articles of Association are set out below:

Article 101 of the Articles of Association provides that:

“The board shall comprise 9 directors, 2 of whom shall be executive directors, 7 of whom shall be non-executive directors (including 3 independent non-executive directors). The board shall have one chairman and two vice chairmen.

The external directors (referring those directors not holding internal office in the Company, including independent non-executive directors) as the members of the board shall represent more than one-half of the board.”

This Article is proposed to be amended to read as follows:

“The board shall comprise 11 directors, 2 of whom shall be executive directors, 9 of whom shall be non-executive directors (including 4 independent non-executive directors). The board shall have one chairman and two vice chairmen.

The external directors (referring those directors not holding internal office in the Company, including independent non-executive directors) as the members of the board shall represent more than one-half of the board.”

## **THE CLASS MEETINGS AND THE EGM**

The EGM and the Class Meetings will be held to consider and, if thought fit, pass resolutions to approve (i) the Subscription Agreements and the transactions contemplated thereunder, (ii) the Proposed Change of Company Name; (iii) the proposed appointment of Directors and Supervisor and (iv) the proposed amendment of the Articles of Association.

Each of Tian An Investment, Gaoxiang Investment and their respective associates (including Mr. Chen Ji (陳繼先生), who owned 33,660,000 H Shares as at the date of this announcement) will abstain from voting at the Class Meetings and the EGM regarding the Subscription Agreement and the transactions contemplated thereunder.

## **GENERAL**

A circular containing further information on (i) the Subscription Agreements; (ii) the Specific Mandate; (iii) the proposed amendment of the Articles of Association; (iv) advice from the Independent Financial Adviser; and (v) recommendation from the Independent Board Committee, together with notices of the EGM and the Class Meetings, will be sent to the Shareholders as soon as possible.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Announcement”	the announcement of the company dated 23 March 2015 regarding, among other things, proposed specific mandate relating to a possible placing of new Domestic Shares
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday, a Sunday or public holiday in the PRC) on which licensed banks in the PRC are generally open for normal banking business
“Class Meetings”	collectively, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting
“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
“Completion”	completion of the subscription of the New Domestic Shares under the Subscription Agreements
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Connected Subscription Agreements”	collectively, the Tian An Investment Subscription Agreement and the Gaoxiang Investment Subscription Agreement
“Director(s)”	director(s) of the Company
“Domestic Shareholders Class Meeting”	class meeting of the holders of the Domestic Shares to be convened to consider and, if thought fit, approve among other things, the Subscription Agreements and the transactions contemplated thereunder
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 in the share capital of the Company, which are subscribed for in Renminbi
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreements and the transactions contemplated thereunder
“Gaoxiang Investment”	Shanghai Gaoxiang Investment Management Company Limited* (上海高湘投資管理有限公司), which information is set out in “Information on the Subscribers” of this announcement
“Gaoxiang Investment Subscription Agreement”	the subscription agreement dated 26 June 2015 entered into between the Company and Gaoxiang Investment in relation to the subscription of 119,693,333 New Domestic Shares
“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

“H Shareholders Class Meeting”	class meeting of the holders of the H Shares to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreements and the transactions contemplated thereunder
“Haitian Aerospace”	Xi’an Haitian Aerospace Technologies Co., Ltd.* (西安海天航空航天科技有限公司), a wholly-owned subsidiary of the Company mainly engaged in development of unmanned aerial vehicles, avionics imaging and monitoring, and other related products and services
“Haitian Automotive”	Xi’an Haitian Automotive Electronics Technologies Co., Ltd.* (西安海天汽車電子科技有限公司), a wholly-owned subsidiary of the Company mainly engaged in development, sales and service of automotive electronic equipment, mechanical equipment and other related products
“Haitian Marine”	Xi’an Haitian Marine Technologies Co., Ltd.* (西安海天海洋科技有限公司), a wholly-owned subsidiary of the Company mainly engaged in research, development and marketing of underwater surveillance, underwater imaging, underwater mechanical equipment and other related products
“Haorun Investment”	Xi’an Haorun Investment Limited* (西安昊潤投資有限責任公司), which information is set out in “Information on the Subscribers” of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongshi Investment”	Hongshi (Shanghai) Investment Consultancy Limited* (宏獅(上海)投資諮詢有限公司), which information is set out in “Information on the Subscribers” of this announcement
“Independent Board Committee”	an independent board committee of the Board comprising all independent non-executive Directors which has been established to advise the Independent Shareholders on the terms of the Subscription Agreements and the transactions contemplated thereunder

“Independent Financial Adviser” or “Goldin Financial”	Goldin Financial Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) Tian An Investment, Gaoxiang Investment and their respective associates (including Mr. Chen Ji (陳繼先生) who owns 33,660,000 H Shares as at the date of this announcement); (ii) any other Shareholders who are involved in, or interested in, any Subscription Agreement and the transactions contemplated thereunder; and (iii) any other Shareholders who are required by the GEM Listing Rules to abstain from voting in respect of the resolution(s) relating to any Subscription Agreement and the transactions contemplated thereunder at the Class Meeting and the EGM
“Independent Third Party(ies)”	person(s) or entity(ies) who/which is/are independent of and not connected with any connected person of the Company, and not a connected person of the Company
“Last Trading Day”	20 March 2015, being the last day of trading in the H Shares on the Stock Exchange prior to the release of the Announcement
“Maokou Commerce and Trading”	Maokou Commerce and Trading Limited* (上海睿寇商貿有限公司), which information is set out in “Information on the Subscribers” of this announcement
“New Domestic Shares”	new Domestic Shares to be allotted and issued to the Subscribers at the Subscription Price pursuant to the Subscription Agreements, and each the “New Domestic Share”
“PRC”	the People’s Republic of China, and for the purpose of this announcement exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan



“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong, as amended from time to time)
“Shareholders”	holders of Domestic Shares and H Shares
“Shares”	collectively, Domestic Shares and H Shares
“Specific Mandate”	the specific mandate to be sought from the Shareholders (or Independent Shareholders, as the case may be) at the Class Meetings and the EGM to authorise the Directors to allot and issue in aggregate 400,000,000 New Domestic Shares under the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Tian An Investment, Gaoxiang Investment, Haorun Investment, Yinji Investment, Hongshi Investment, Maokou Commerce and Trading and Mr. Jiao Chengyi (焦成義先生)
“Subscription Agreements”	collectively, the subscription agreements entered into by the Company and each of the Subscribers on 26 June 2015 in relation to the subscription of in aggregate 400,000,000 New Domestic Shares by the Subscribers and each, the “Subscription Agreement”
“Subscription Price”	the subscription price of RMB0.105 per New Domestic Share
“Supervisor(s)”	member(s) of the supervisory committee of the Company
“Tian An Investment”	Xi’an Tian An Investment Co., Ltd.* (西安天安投資有限公司), information of which is set out in “Information on the Subscribers” of this announcement
“Tian An Investment Subscription Agreement”	the subscription agreement dated 26 June 2015 entered into between the Company and Tian An Investment in relation to the subscription of 148,363,637 New Domestic Shares

“Yinji Investment”	Shaanxi Yinji Investment Limited* (陝西銀吉投資有限公司), which information is set out in “Information on the Subscribers” of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
%	per cent.

*Unless otherwise specified, for the purpose of this announcement and for the purpose of illustration only, Hong Kong dollar amounts have been translated to RMB using the rate of HK\$1.00 : RMB0.80. No representation is made that any amounts in HK\$ or RMB were or could have been converted at the above rate or at any other rates or at all.*

*Certain amounts and percentage figures included in this announcement have been subject to rounding adjustment. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “\*” and the Chinese translation of company names in English which are marked with “\*” is for identification purpose only.*

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

Xi'an, the PRC, 29 June 2015

*As at the date of this announcement, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Chen Ji (陳繼先生) 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), Professor Shi Ping (師萍教授) and Ms. Huang Jing (黃婧女士) 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 announcement 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 purposes only