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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Xi'an Haitian Antenna Technologies Co., Ltd.\*, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

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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)**

- (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 CHANGE OF COMPANY NAME;**
- (4) PROPOSED APPOINTMENT OF DIRECTORS AND SUPERVISOR;  
AND**
- (5) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



高銀融資有限公司  
GOLDIN FINANCIAL LIMITED

**GOLDIN FINANCIAL LIMITED**

Capitalised terms used in this cover, unless the contents require otherwise, shall have the same meanings ascribed to them in "Definitions" of this circular.

A letter from the Board is set out on pages 7 to 30 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter from the Independent Financial Adviser containing its advice in respect of the Subscription Agreements and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 50 of this circular.

Notices convening the H Shareholders Class Meeting, the Domestic Shareholders Class Meeting and the EGM to be held on 21 August 2015 at Conference Room, A-2 of Standard Workshop Phase II, Zone B of Xi'an Export Processing Zone, No. 28 Xinxu Avenue, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China are set out on pages HCM-1 to HCM-8, DCM-1 to DCM-8 and EGM-1 to EGM-10 of this circular, respectively.

The reply slips and forms of proxy of the Class Meetings and the EGM are enclosed hereto.

Whether or not you are able to attend the Class Meetings and the EGM, you are requested to complete the enclosed reply slips and forms 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 People's Republic of China (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 but in any event for the reply slips, no later than 31 July 2015, and for the forms of proxy, not less than 24 hours before the time appointed for the holding of the Class Meetings and the EGM or any adjournment thereof. Completion and return of the forms of proxy shall not preclude you from attending and voting in person at the Class Meetings and the EGM or any adjournment thereof should you so wish.

This circular 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 posting and be posted on the website of the Company at <http://www.xaht.com>.

\* for identification purpose only

## 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.

<b>CONTENT</b>
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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	31
<b>LETTER FROM GOLDIN FINANCIAL</b> .....	33
<b>APPENDIX I - GENERAL INFORMATION</b> .....	APP-1
<b>NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES</b> .....	HCM-1
<b>NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES</b> ...	DCM-1
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	EGM-1

## DEFINITIONS

*In this circular, 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

## DEFINITIONS

“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 “Letter from the Board – Information on the Subscribers” of this circular
“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

## DEFINITIONS

“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* (西安昊潤投資有限公司), which information is set out in “Letter from the Board – Information on the Subscribers” of this circular
“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 “Letter from the Board – Information on the Subscribers” of this circular
“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

## DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) 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 Latest Practicable Date); (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
“Latest Practicable Date”	29 June 2015 , being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Maokou Commerce and Trading”	Shanghai Maokou Commerce and Trading Limited* (上海睿寇商貿有限公司), which information is set out in “Letter from the Board – Information on the Subscribers” of this circular
“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 circular exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposed Change of Company Name”	the proposed change of the Company’s Chinese name from “西安海天天綫科技股份有限公司” to “西安海天天綫控股股份有限公司” and the adoption of the English name “Xi’an Haitian Antenna Holdings Co., Ltd.” for identification purpose only

## DEFINITIONS

“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 “Letter from the Board – Information on the Subscribers” of this circular
“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



## DEFINITIONS

“Yinji Investment”	Shaanxi Yinji Investment Limited* (陝西銀吉投資有限公司), which information is set out in “Letter from the Board – Information on the Subscribers” of this circular
“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 circular 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 circular 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.*

## 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)**

*Executive Directors:*

Mr. Xiao Bing (*Chairman*)  
Mr. Chen Ji

*Non-Executive Directors:*

Mr. Sun Wenguo  
Mr. Li Wenqi  
Mr. Yan Feng  
Mr. Xie Yiqun

*Independent Non-Executive Directors:*

Mr. Zhang Jun  
Professor Shi Ping  
Ms. Huang Jing

*Registered office:*

No. 66 Jinye Road  
National Hi-tech  
Industrial Development Zone  
Xi'an, Shaanxi Province  
The PRC

*Principal place of*

*business in Hong Kong:*  
Room B, 16th Floor  
Yam Tze Commercial Building  
23 Thomson Road  
Wanchai  
Hong Kong

6 July 2015

*To the Shareholders*

Dear Sir or Madam,

- (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 CHANGE OF COMPANY NAME;**
- (4) PROPOSED APPOINTMENT OF DIRECTORS AND SUPERVISOR; AND**
- (5) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION**

### INTRODUCTION

On 23 March 2015, the Company announced, among other things, (a) the Board resolved 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; (b) the proposed change of the Chinese name of the Company to “西安海天天綫控股股份有限公司” and adopt the English name “Xi'an Haitian Antenna Holdings Co. Ltd.” for identification purpose only; and (c) the proposed amendment of the Articles of Association.

\* for identification purpose only

## LETTER FROM THE BOARD

On 29 June 2015, the Company announced, among other things, (a) it entered into a subscription agreement with each of the Subscribers on 26 June 2015 (after trading hours), 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; and (b) the proposed 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.

The purpose of this circular is to provide you with, among other things, (a) further information on the Subscription Agreements, the Proposed Change of Company Name, the proposed appointment of Directors and Supervisor, the proposed amendment of the Articles of Association; (b) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder; (c) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder; (d) the notice of the Class Meetings and the EGM; and (e) other additional information as required by the GEM Listing Rules.

### 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 “Letter from the Board – The Subscription Agreements – New Domestic Shares” of this circular 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

## LETTER FROM THE BOARD

### 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 Latest Practicable Date			Immediately following the allotment and issue of the New Domestic Shares		
	<i>Approximate Number of New Domestic Shares</i>	<i>Approximate % of the total issued Domestic Shares</i>	<i>Approximate % of the total issued share capital</i>	<i>Approximate % of the total issued Domestic Shares</i>	<i>Approximate % of the total issued share capital</i>	<i>Total Subscription Price (RMB)</i>
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
<b>Total:</b>	<b>400,000,000</b>	<b>82.42%</b>	<b>42.24%</b>	<b>45.18%</b>	<b>29.69%</b>	<b>42,000,000</b>

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 Latest Practicable Date;
- (ii) approximately 42.24% of the total issued share capital of the Company as at the Last Trading Day and the Latest Practicable Date;
- (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.

## LETTER FROM THE BOARD

### 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 capitalisation (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 “Letter from the Board – Reasons for and the benefits of the issue of the New Domestic Shares”, the Directors (including the independent non-executive Directors who have also taken 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.

## LETTER FROM THE BOARD

**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 60.49% 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 84.34% to the closing price of HK\$0.83 per H Share as quoted on the Stock Exchange on the Latest Practicable Date; 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.

## LETTER FROM THE BOARD

### 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.

## LETTER FROM THE BOARD

### 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



## LETTER FROM THE BOARD

### *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
		21.5	16.5

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

## LETTER FROM THE BOARD

### *Haitian Marine*

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, 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		1	1
		<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.

## LETTER FROM THE BOARD

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 (including the independent non-executive Directors who have taken 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 Latest Practicable Date 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

## LETTER FROM THE BOARD

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 Latest Practicable Date		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:	<u>485,294,118</u>	<u>51.24%</u>	<u>885,294,118</u>	<u>65.72%</u>
<b>H Shares</b>				
H Shares held by the public	428,104,706	45.21%	428,104,706	31.78%
Mr. Chen Ji (陳繼先生) <sup>4</sup>	<u>33,660,000</u>	<u>3.55%</u>	<u>33,660,000</u>	<u>2.50%</u>
H Shares sub-total	<u>461,764,706</u>	<u>48.76%</u>	<u>461,764,706</u>	<u>34.28%</u>
<b>Total:</b>	<b><u>947,058,824</u></b>	<b><u>100%</u></b>	<b><u>1,347,058,824</u></b>	<b><u>100%</u></b>

## LETTER FROM THE BOARD

*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

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
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.

## LETTER FROM THE BOARD

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 Latest Practicable Date, Tian An Investment was 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 (王贇先生) (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.

## LETTER FROM THE BOARD

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 "Letter from the Board – Information on the Subscribers" of this circular, 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 "Letter from the Board – Information on the Subscribers" of this circular, 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 Latest Practicable Date) 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 "Letter from the Board – the Subscription Agreements – Conditions precedent" of this circular. 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.**

## LETTER FROM THE BOARD

### PROPOSED CHANGE OF COMPANY NAME

#### The new company name

The Board proposed to change the Chinese name of the Company to “西安海天天綫控股股份有限公司” and adopt the English name “Xi’an Haitian Antenna Holdings Co., Ltd.” for identification purpose only.

#### Reasons for the proposed change of company name

The Board considers that the Proposed Change of Company Name will properly reflect the principal business of the Group and its business strategy in the future.

#### Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is subject to:

- (a) the approval of the relevant government authorities in the PRC has been obtained for the use by the Company of the proposed name of “西安海天天綫控股股份有限公司”; and
- (b) the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the EGM.

Subject to satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date on which the business licence bearing the new name of the Company is issued by the relevant government authorities in the PRC. The Company will carry out all necessary application and filing procedures with the government authorities in the PRC.

#### Effects of the Change of Company Name

The Proposed Change of Company Name will not affect any of the rights of the Shareholders. All existing share certificates in issue bearing the existing name of the Company shall continue to be evidence of title to such securities, and the existing share certificates will continue to be valid for trading, settlement and registration purposes.

There will not be any arrangements for free exchange of the existing share certificates of the Company for new share certificates under the new name of the Company. However, only new share certificates of the Company will be issued under the new name of the Company after the Proposed Change of Company Name has become effective.

The Board also proposes to, subject to the approval of the Stock Exchange, adopt a new stock short name in both of English and Chinese for the purpose of trading on the Stock Exchange.

Further announcement will be made by the Company regarding the effective date of the Proposed Change of Company Name and the change of the stock short name for the trading of the Company’s shares on the Stock Exchange as and when appropriate.



## LETTER FROM THE BOARD

### 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 Latest Practicable Date, Mr. Li owned 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 Latest Practicable Date, Mr. Li (i) had no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) had no interest in the Shares within the meaning of Part XV of the SFO; and (iii) did not hold any position with the Company or its subsidiaries and did 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).

## LETTER FROM THE BOARD

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, as at the Latest Practicable Date, Mr. Tu (i) had no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) had no interest in the Shares within the meaning of Part XV of the SFO; and (iii) did not hold any position with the Company or its subsidiaries and did 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 Latest Practicable Date, Mr. Zhang (i) had no relationship with any Directors, Supervisors and senior management or substantial shareholders or controlling shareholders of the Company; (ii) had no interest in the Shares within the meaning of Part XV of the SFO; and (iii) did not hold any position with the Company or its subsidiaries and did 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.

## LETTER FROM THE BOARD

### 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, among other things, the Proposed Change of Company Name, the change in share capital and shareholding structure, 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:

1. Article 1 of the Articles of Association provides that:

“Xi’an Haitian Antenna Technologies Co., Ltd. (“**Company**” or “**the Company**”) is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (“**Company Law**”), “the PRC Special Regulations on the Overseas Offering and Listings of Shares by Joint Stock Limited Companies” (“**Special Regulations**”) and other relevant laws and administrative regulations of the State.

Upon the approval regarding the establishment of the Company (關於同意設立西安海天天綫科技股份有限公司的批覆)(陝政函[2000]222號) granted by the People’s Government of Shaanxi Province (陝西省人民政府) on 29 September 2000, the Company was established by way of the conversion from the original Xi’an Haitian Communications into joint stock limited company, and registered with Xi’an Administration for Industry & Commerce from which it obtained the corporate business license (license number: 6101012111906 1/1 on 11 October 2000.

Upon the approval regarding the conversion of the Company (商務部關於同意西安海天天綫科技股份有限公司變更為外商投資股份有限公司的批覆)(商資批[2005]101號) granted by the Ministry of Commerce of the People’s Republic of China on 20 January 2005, the Company was agreed to be changed into sino-foreign joint stock limited company, and registered with Xi’an Administration for Industry & Commerce from which it obtained the legal person business license of the Company (license number: Qi Gu Shaan Xi An Zong Zi No. 002216 on 22 March 2005.

The promoters of the Company are Xiao Liangyong, Xi’an Kaiyuan Investment Group Co., Ltd., Chang’an International Trust Co., Ltd., Beijing Holdings Investment Management Co., Ltd., Shaanxi Silk Import & Export Corporation, Xi’an Zhengheng Investment & Advisory Co., Ltd., Wu Chi Yan, Chen Xiao Bin, Shaanxi Mant Intellectual Property Industry Development Co., Ltd..

Xiao Liangyong, as the promoter of the Company, transferred his shares to Xi’an Tian An Investment Company Limited in accordance with laws.”

## LETTER FROM THE BOARD

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

“The Company is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (“**Company Law**”), “the PRC Special Regulations on the Overseas Offering and Listings of Shares by Joint Stock Limited Companies” (“**Special Regulations**”) and other relevant laws and administrative regulations of the State.

Upon the approval regarding the establishment of the Company (陝政函[2000]222號) granted by the People’s Government of Shaanxi Province (陝西省人民政府) on 29 September 2000, the Company was established by way of the conversion from the original Xi’an Haitian Communications into joint stock limited company, and registered with Xi’an Administration for Industry & Commerce from which it obtained the corporate business license (license number: 6101012111906 1/1 on 11 October 2000.

Upon the approval regarding the conversion of the Company (商資批[2005]101號) granted by the Ministry of Commerce of the People’s Republic of China on 20 January 2005, the Company was agreed to be changed into sino-foreign joint stock limited company, and registered with Xi’an Administration for Industry & Commerce from which it obtained the legal person business license of the Company (license number: Qi Gu Shaan Xi An Zong Zi No. 002216 on 22 March 2005.

The promoters of the Company are Xiao Liangyong, Xi’an Kaiyuan Investment Group Co., Ltd., Chang’an International Trust Co., Ltd., Beijing Holdings Investment Management Co., Ltd., Shaanxi Silk Import & Export Corporation, Xi’an Zhengheng Investment & Advisory Co., Ltd., Wu Chi Yan, Chen Xiao Bin, Shaanxi Mant Intellectual Property Industry Development Co., Ltd..

Xiao Liangyong, as the promoter of the Company, transferred his shares to Xi’an Tian An Investment Company Limited in accordance with laws.

Xi’an Kaiyuan Investment Group Co., Ltd., as the promoter of the Company, changed its name to Xi’an International Medical Investment Co. Ltd.”

2. Article 2 of the Articles of Association provides that:

“The registered name of the Company:

Chinese: 西安海天天綫科技股份有限公司

English: XI’AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD.”

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

“The registered name of the Company:

Chinese: 西安海天天綫控股股份有限公司

English: XI’AN HAITIAN ANTENNA HOLDINGS CO., LTD.”

## LETTER FROM THE BOARD

3. Article 6 of the Articles of Association provides that:

“Pursuant to the “Company Law”, “Special Regulations”, “Mandatory Provisions for Articles of Association of the Companies to be Listed Overseas” (“**Mandatory Provisions**”) and the relevant provisions of other laws and administrative regulations of the State, the Company amended the original Articles of Association (the “**Original Articles of Association**”) and formulated these Articles of Association (“**these Articles of Association**” and “**these Articles**”) in the extraordinary general meeting held on 30 November 2007.”

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

“Pursuant to the “Company Law”, “Special Regulations”, “Mandatory Provisions for Articles of Association of the Companies to be Listed Overseas” (“**Mandatory Provisions**”) and the relevant provisions of other laws and administrative regulations of the State, the Company amended the original Articles of Association (the “**Original Articles of Association**”) and formulated these Articles of Association (“**these Articles of Association**” and “**these Articles**”) in the extraordinary general meeting held on 21 August 2015.”

4. Article 7 of the Articles of Association provides that:

“Upon the approval by the special resolution of the annual general meeting in 2009, these Articles came into effect and replaced the Original Articles of Association.”

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

“Upon the approval by the special resolution of the extraordinary general meeting in 21 August 2015, these Articles came into effect and replaced the Original Articles of Association.”

5. Paragraph 1 of Article 21 of the Articles of Association provides that:

“Upon its establishment, the Company increased its capital for the first time to further issue 161,764,706 ordinary shares, subsequent to which the share capital structure of the Company became 647,058,824 shares. In particular, 485,294,118 shares were domestic shares, representing 75% of the total share capital, which were held as to 180,000,000 shares by Xiao Liangyong, 100,000,000 shares by Xi’an Kaiyuan Investment Group Co., Ltd., 70,151,471 shares by Chang’an International Trust Co., Ltd., 54,077,941 shares by Beijing Holdings Investment Management Co., Ltd., 45,064,706 shares by Shaanxi Silk Import & Export Corporation, 15,000,000 shares by Xian Zhengheng Investment & Advisory Co., Ltd., 10,000,000 shares by Wu Chi Yan, 6,000,000 shares by Chen Xiao Bin and 5,000,000 shares held by Shaanxi Mant Intellectual Property Industry Development Co., Ltd. respectively. 161,764,706 shares are held by the holders of overseas listed foreign shares (“**H Shares**”), representing 25% of the total number of ordinary shares in issue of the Company.”

## LETTER FROM THE BOARD

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

“Upon its establishment, the Company increased its capital for the first time to further issue 161,764,706 ordinary shares and increased its capital for the second time to further issue 300,000,000 ordinary shares, subsequent to which the share capital structure of the Company became 947,058,824 shares. In particular, 485,294,118 shares were domestic shares, representing 51.2% of the total share capital, which were held as to 180,000,000 shares by Xiao Liangyong, 100,000,000 shares by Xi’an International Medical Investment Co. Ltd., 70,151,471 shares by Chang’an International Trust Co., Ltd., 54,077,941 shares by Beijing Holdings Investment Management Co., Ltd, 45,064,706 shares by Shaanxi Silk Import & Export Corporation, 15,000,000 shares by Xian Zhengheng Investment & Advisory Co., Ltd., 10,000,000 shares by Wu Chi Yan, 6,000,000 shares by Chen Xiao Bin and 5,000,000 shares held by Shaanxi Mant Intellectual Property Industry Development Co., Ltd respectively. 461,764,706 shares are held by the holders of overseas listed foreign shares (“H Shares”), representing 48.8% of the total number of ordinary shares in issue of the Company.”

6. Article 24 of the Articles of Association provides that:

“Upon the completion of the overseas listed foreign shares, the registered capital of the Company shall increase to RMB64,705,882. The Company shall lodge an application to the foreign trade and economic departments of the State requesting to change into a sino-foreign equity joint venture enterprise. After obtaining approvals from the aforesaid departments, the Company shall conduct the relevant registration with the relevant administration for industry and commerce and file to the companies approving departments and the securities regulatory departments under the State Council.”

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

“Upon the completion of the second issue of overseas listed foreign shares, the registered capital of the Company shall increase to RMB94,705,882. The Company shall lodge an application to the foreign trade and economic departments of the State requesting to change into a sino-foreign equity joint venture enterprise. After obtaining approvals from the aforesaid departments, the Company shall conduct the relevant registration with the relevant administration for industry and commerce and file to the companies approving departments and the securities regulatory departments under the State Council.”

7. 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.”

## LETTER FROM 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.”

8. Paragraph 1 of Article 124 of the Articles of Association provides that:

“The supervisory committee shall comprise of 3 supervisors, with a term of office of 3 years and be eligible for re-election.”

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

“The supervisory committee shall comprise of 5 supervisors, with a term of office of 3 years and be eligible for re-election.”

9. Article 125 of the Articles of Association provides that:

“The members of the supervisory committee shall consist of 1 shareholder representative supervisor, 1 independent supervisor and 1 representative of staff and workers of the Company. The shareholder representative supervisor and independent supervisor shall be elected and removed at the general meeting.

The supervisory committee shall have more than one-half of their members as external members (those members not holding office in the Company). The external members shall consist of 1 independent supervisor (that supervisor who is independent from the shareholders and not holding office in the Company). The external supervisors shall have the right to report to the general meeting of the honesty, diligence and performance of the management officers of the Company.”

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

“The members of the supervisory committee shall consist of 1 shareholder representative supervisor, 2 independent supervisor and 2 representative of staff and workers of the Company. The shareholder representative supervisor and independent supervisor shall be elected and removed at the general meeting.

The supervisory committee shall have more than one-half of their members as external members (those members not holding office in the Company). The external members shall consist of 2 independent supervisor (that supervisor who is independent from the shareholders and not holding office in the Company). The external supervisors shall have the right to report to the general meeting of the honesty, diligence and performance of the management officers of the Company.”

## LETTER FROM 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 Latest Practicable Date) will abstain from voting at the Class Meetings and the EGM regarding the Subscription Agreement and the transactions contemplated thereunder.

Notices convening the H Shareholders Class Meeting, the Domestic Shareholders Class Meeting and the EGM to be held on Friday, 21 August 2015 at Conference Room, A-2 of Standard Workshop Phase II, Zone B of Xi'an Export Processing Zone, No. 28 Xinxu Avenue, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China are set out on pages HCM-1 to HCM-8, DCM-1 to DCM-8 and EGM-1 to EGM-10 of this circular, respectively. The reply slips and forms of proxy of the Class Meetings and EGM are enclosed hereto. Whether or not you are able to attend the Class Meetings and the EGM, you are requested to complete the enclosed reply slips and forms of proxy in accordance with the instructions printed thereon and return it to the Company's office at No. 66 Jinye Road, National Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the PRC (Post Code: 710075) (for Domestic Shareholders); or to the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), as soon as possible but in any event for reply slips, before 31 July 2015, and for the forms of proxy, not less than 24 hours before the time appointed for the holding of the Class Meetings and the EGM, or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Class Meetings and the EGM or any adjournment thereof should you so wish.

An announcement of the poll results of the Class Meetings and the EGM will be published on the websites of the Stock Exchange and of the Company after the Class Meetings and the EGM.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company shall be closed from 22 July 2015 to 21 August 2015 (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 21 July 2015 shall be entitled to attend and vote at the Class Meetings and the EGM. In order to qualify to attend and vote at the Class Meetings and 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



## LETTER FROM THE BOARD

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 21 July 2015.

### RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular and the letter from the Independent Financial Adviser set out on 33 to 50 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of all resolutions to be proposed at the Class Meetings and the EGM to approve the Subscription Agreements and the transactions contemplated thereunder.

The Board considers that the proposal contained in the resolutions set out in the notices of Class Meetings and the notice of the EGM and are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions as set out in the notices of Class Meetings and the notice of the EGM.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Xi’an Haitian Antenna Technologies Co., Ltd\***  
**Xiao Bing**  
*Chairman*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the text of the letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular.*



**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)**

6 July 2015

*To the Shareholders*

Dear Sir or Madam,

**ISSUE OF NEW DOMESTIC SHARES PURSUANT  
TO THE SUBSCRIPTION AGREEMENTS**

We refer to the circular dated 6 July 2015 (the “Circular”) of Xi’an Haitian Antenna Technologies Co. Ltd.\* (西安海天天綫科技股份有限公司), of which this letter forms a part. Capitalised terms used in the Circular shall have the same meanings in this letter unless the context otherwise requires.

As independent non-executive Directors who are independent of the parties to the Subscription Agreements, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the Subscription Agreements are fair and reasonable so far as the Shareholders are concerned and the Subscription Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

\* *for identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 30 of the Circular, and the letter from the Independent Financial Adviser, as set out on pages 33 to 50 of the Circular, which provide details of the Subscription Agreements and the transactions contemplated thereunder and the opinions of the Independent Financial Adviser in respect of the Subscription Agreements and the transaction contemplated thereunder respectively.

Having considered the advice given by the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the opinion that the Subscription Agreements and the transactions contemplated thereunder are on normal commercial terms and entered into in the ordinary and usual course of business of the Company, and is in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable so far as the Shareholders are concerned.

Yours faithfully,

*Independent Board Committee of*

**Xi'an Haitian Antenna Technologies Co. Ltd.\***

**Mr. Zhang Jun**

**Professor Shi Ping**

**Ms. Huang Jing**

*Independent non-executive Directors*

## LETTER FROM GOLDIN FINANCIAL

*The following is the full text of the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder, prepared for the purpose of incorporation in this circular.*



**高銀融資有限公司**  
GOLDIN FINANCIAL LIMITED

**Goldin Financial Limited**  
23rd Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

6 July 2015

To: *the Independent Board Committee and the Independent Shareholders of  
Xi'an Haitian Antenna Technologies Company Limited*

Dear Sirs,

### **ISSUE OF NEW DOMESTIC SHARES PURSUANT TO THE SUBSCRIPTION AGREEMENTS**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular dated 6 July 2015 issued by the Company (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 23 March 2015, the Company announced, among other things, the Board resolved 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. Then on 29 June 2015, the Company announced, among other things, it entered into a subscription agreement with each of the Subscribers on 26 June 2015 (after trading hours), 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.

## LETTER FROM GOLDIN FINANCIAL

Tian An Investment is beneficially owned as to 60.00% by Mr. Xiao Bing, the Chairman of the Board and an executive Director, and 40.00% by his mother Ms. Yao Wenli. As at the Latest Practicable Date, Tian An Investment was interested in 180,000,000 Domestic Shares, representing approximately 19% of the total issued share capital of the Company. Therefore, Tian An Investment is an associate of Mr. Xiao Bing, and hence a connected person of the Company under the GEM Listing Rules.

Gaoxiang Investment is beneficially owned by the spouse and mother-in-law of Mr. Chen Ji, an executive Director, in equal share. Therefore, Gaoxiang Investment is an associate of Mr. Chen Ji, an executive Director, in equal share, and hence a connected person of the Company under the GEM Listing Rules.

The Subscription Agreements entered into between the Company and Tian An Investment and Gaoxiang Investment, respectively, constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Subscription Agreements and the transactions contemplated thereunder will be subject to the approval of the Independent Shareholders at the Class Meetings and the EGM. Each of Tian An Investment, Gaoxiang Investment and their respective associates are required to abstain from voting at the Class Meetings and the EGM regarding the Subscription Agreements and the transactions contemplated thereunder.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Zhang Jun, Professor Shi Ping and Ms. Huang Jing, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Subscription Agreements and the transactions contemplated thereunder, are fair and reasonable and whether entering into of the Subscription Agreements and the transactions contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the Subscription Agreements and the transactions contemplated thereunder after taking into account the recommendations of Goldin Financial.

We, Goldin Financial, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreements and the transactions contemplated thereunder and to make a recommendation as to, among others, whether the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and as to voting in respect of the relevant resolutions at the Class Meetings and the EGM.

## LETTER FROM GOLDIN FINANCIAL

### BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Subscription Agreements and the audited financial statements of the Company for the year ended 31 December 2013 and 2014 (the “**Annual Report 2013**” and “**Annual Report 2014**” respectively). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the financials, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinions, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and that we have reviewed, all currently available information and documents under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for entering into the Subscription Agreements and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinions. We have no reason to suspect that any material facts or information have/have been withheld by the Directors or management of the Company, are/is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses, affairs or future prospects of the Company. Our opinions were necessarily based on financial, economic, market and other conditions in effect, and the information made available to us at the Latest Practicable Date.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

#### **1. Business and financial information of the Group**

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

Set out below is the audited financial information of the Group for the three years ended 31 December 2012, 2013 and 2014 respectively as extracted from the Annual Report 2013 and the Annual Report 2014:

**LETTER FROM GOLDIN FINANCIAL**

*Table 1: Financial highlights of the Group*

	<b>For the year ended 31 December</b>		
	<b>2012</b> <i>(audited)</i> RMB'000	<b>2013</b> <i>(audited)</i> RMB'000	<b>2014</b> <i>(audited)</i> RMB'000
Revenue	46,569	25,190	11,029
Profit/(Loss) for the year	12,404	(15,195)	(3,623)
	<b>As at 31 December</b>		
	<b>2012</b> <i>(audited)</i> RMB'000	<b>2013</b> <i>(audited)</i> RMB'000	<b>2014</b> <i>(audited)</i> RMB'000
Non-current assets	79,989	1,497	1,224
Current assets	82,851	170,512	131,380
Current liabilities	130,480	156,770	122,915
Net current assets/(liabilities)	(47,629)	13,741	8,464
Net assets	27,382	12,188	8,565

*For the year ended 31 December 2013*

For the year ended 31 December 2013, the Group recorded a revenue of approximately RMB25.19 million, representing a decrease of approximately 45.91% compared to approximately RMB46.57 million recorded in the previous year as both volume of sales and services dropped together with reduction in price level under prolonged market competition in existing product line of antennas and services for telecommunication industry throughout the year ended 31 December 2013. Based on the Annual Report 2013, the decrease in revenue for the year ended 31 December 2013 as compared with the previous year was mainly attributable to (a) revenue from global system for mobile (“GSM”)/code division multiple access (“CDMA”) antenna series products for the year ended 31 December 2013 decreased from approximately RMB16.9 million in the year ended 31 December 2012 to approximately RMB2.6 million due to termination of manufacture of second generation (“2G”) and second and a half generation (“2.5G”) products for the whole year ended 31 December 2013; and (b) sales of time division – synchronous code division multiple access (“TD-SCDMA”) products remained stable and slightly decreased from approximately RMB2.5 million in the year ended 31 December 2012 to approximately RMB1.6 million in the year ended 31 December 2013 as more favourable price was given to customers.

## LETTER FROM GOLDIN FINANCIAL

Moreover, the Group recorded a loss of approximately RMB15.20 million for the year ended 31 December 2013, which represented a turnaround from profit of approximately RMB12.40 million in the previous year.

As at 31 December 2013, the audited net current assets of the Group amounted to approximately RMB13.74 million, which improved from net current liabilities of approximately RMB47.63 million as at 31 December 2012. In addition, the net assets of the Group as at 31 December 2013 amounted approximately RMB12.19 million, decreased by approximately 55.48% from approximately RMB27.38 million as at 31 December 2012.

*For the year ended 31 December 2014*

For the year ended 31 December 2014, the Group recorded a revenue of approximately RMB11.03 million, representing a decrease of approximately 56.21% compared to approximately RMB25.19 million recorded in the previous year as both revenue from sales and services dropped significantly as a result of prolonged price competition in existing product line of antennas and services for telecommunication industry throughout the year ended 31 December 2014, and the Group concentrated more resources and effort into the new product line of radio-frequency module during the year ended 31 December 2014 which was introduced in the second half of the year ended 31 December 2013. Based on the Annual Report 2014, the decrease in revenue for the year ended 31 December 2014 as compared with the previous year was attributable to (a) revenue from sales of GSM/CDMA antenna series products for the year ended 31 December 2013 was decreased from approximately RMB2.6 million in the year ended 31 December 2013 to approximately RMB1.8 million in the year ended 31 December 2014, representing a decrease of approximately 30.77%; and (b) the absence of the revenue generated from sales of smart antenna in the year ended 31 December 2014, which was accounted for approximately RMB11.9 million of revenue in the previous year. Moreover, the Group recorded a loss for the year of approximately RMB3.62 million for the year ended 31 December 2014, which represented an improvement of approximately RMB11.58 million in operating results of the Group when compared to approximately RMB15.20 million in the previous year.

As at 31 December 2014, the audited net current assets and net assets of the Group amounted to approximately RMB8.46 million and approximately RMB8.57 million respectively, decreased by approximately 38.43% and approximately 29.70% from approximately RMB13.74 million and approximately RMB12.19 million as at 31 December 2013 respectively.



## LETTER FROM GOLDIN FINANCIAL

Although the Group's loss for the year recorded an improvement for the year ended 31 December 2014 compared with the previous year, given that (i) the Group recorded a decrease of approximately 56.21% in revenue for the year ended 31 December 2014 compared with the previous year; (ii) the Group recorded a decrease of approximately 38.43% and approximately 29.70% in net current assets and net assets of the Group as at 31 December 2014 respectively; and (iii) the Group recorded loss for the analysed financial years ended 31 December 2013 and 2014, we understand that the financial performance of the Group is relatively weak.

### **2. Reasons for, and benefits of entering into of the Subscription Agreements and the 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.

As stated in the Letter from the Board, 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.

## LETTER FROM GOLDIN FINANCIAL

It is noted that the performance of manufacture and sales of antenna and related products business of the Group has been declining, as evidenced by the significant decrease in the revenue in such business for its latest financial year, as discussed in the paragraphs under the section headed “Business and financial information of the Group” above. Notwithstanding that the operating environment of antenna industry in the PRC has been challenging due to the fierce price competition among the local industry players and raw material costs, with China Mobile Communications Corporation, being one of the major customers of the Group, leading the 4G market for more than a year, on 27 February 2015, the Ministry of Industry and Information Technology of the PRC officially awarded 4G FDD licenses to China Telecommunications Corporation and China United Telecommunications Corporation, implying that two additional operators are authorised to carry on nationwide 4G operations, resulting a more intensifying price competition in the mobile communication industry. Given the aforesaid keen competition and therefore the uncertainty in the future prospect of the manufacture and sales of antenna and related products business, being the only existing principal business of the Group, the Group has been reducing subsequent expenditure in 4G antenna market to facilitate the diversified development of the Group’s businesses and further expand its asset portfolio and revenue.

In addition to the shifting of focus on communication-related services including network optimization services and ratio-frequency module for market diversification, lowering the reliance on the revenue portion generated from the three major telecommunication operators from approximately 47% to approximately 30% of the total revenue of the Group for the three months ended 31 March 2015, it is the intention of the Group to diversify the business landscape based on mobile communication in the fields including but not limited to marine, aviation and automotive categories through the establishment of three subsidiaries of the Group being Haitian Marine, Haitian Aerospace and Haitian Automotive. Considering that part of the use of proceeds will be allocated for the business operation and development of Haitian Marine and Haitian Aerospace and that the principal business of Haitian Marine being the research, development and marketing of underwater surveillance, underwater imaging, underwater mechanical equipment and other related products and that of Haitian Aerospace being development of unmanned aerial vehicles (“UAV(s)”), avionics imaging and monitoring, and other related products and services, we have researched the public domains in assessing the future prospect of marine engineering industry and aerospace equipment industry respectively.

According to “海洋工程裝備製造業中長期發展規劃” (Long-term Development Plan on the Marine Engineering Equipment Manufacturing Industry\*) jointly issued by relevant government authorities in 2012, the marine engineering equipment industry, as one of the strategic emerging industries in the Twelfth Five Plan, will be developed rapidly with the national support in the coming years. It is estimated that the income generated from sales of marine engineering equipment in the global market would reach RMB200 billion in 2015, and up to RMB500 billion in 2020.

## LETTER FROM GOLDIN FINANCIAL

In respect of the aerospace equipment industry, the PRC government has been encouraging and supporting the aviation industry in the past 10 years, which is evidenced by including aviation as one of the key development industries in “高技術產業發展十一五規劃” (the Eleventh Five-year Plan for High Technology Industries\*) and such high technology industries including the aerospace equipment are regarded as one of the national strategic emerging industries that are given priority in development according to the “十二五國家戰略性新興產業發展規劃” (the Twelfth Five-year Plan for Strategic Emerging Industry\*). The PRC government aims to strive for the development of the aircraft equipment industry through a number of policies including but not limited to the upgrading of the aircraft equipment and systems and the further enhancement of the aerospace equipment technology. Besides, on 10 April 2015, Haitian Aerospace and Xi’an Xiangyu Aviation Technologies Co., Ltd.\* (西安翔宇航空科技股份有限公司) (“Xiangyu Aviation”) entered into a memorandum of cooperation (the “Cooperation”) in relation to research, development and marketing of products of UAVs including fixed wing land-based and sea-based stealth UAV, fixed wing and rotary wing UAV civilian products, UAV detection system, and agricultural and forestry UAV aviation services business. Xiangyu Aviation is principally engaged in maintenance of aircraft airborne electronic, electrical and mechanical accessories, development of related testing equipment accessories, and research and development of unmanned aircraft and related technical services and Xiangyu Aviation has numerous patents, independent intellectual property rights and core technologies of unmanned aircraft, and its products can be widely used in the fields of geophysical mapping, weather detection, artificial rainfall, aerial photography, aerial survey, maritime rescue, forest fire prevention, and agriculture sowing. It is expected that the Cooperation would support Haitian Aerospace in developing its UAV, avionics imaging and monitoring, and other related products and services.

Furthermore, according to “Made in China 2025” (<http://english.gov.cn/>), being the first ten-year action plan of the PRC issued by the State Council on 19 May 2015, each of the sector of “ocean engineering equipment and high-end vessels” and “aerospace equipment” has been identified as one of the ten key sectors of the country in the next ten years. As a result, it is expected that the future prospect of the marine engineering industry and the aerospace equipment industry will be optimistic in the next few years in the PRC.

We have discussed with the management of the Company the details of the business development plan of these two businesses including but not limited to the major projects, expected timetable and capital requirement. In relation to Haitian Marine, we were advised by the management of the Company that the major projects of Haitian Marine are (i) underwater robots; (ii) logistic management system for breeding of aquatic products; and (iii) petroleum logging systems. The research and development of all the aforesaid projects have commenced since March 2015 and the Company targets to launch the products in the market in the fourth quarter of 2015. The Directors intend that approximately RMB9 million will be required in respect of the development of Haitian Marine, which will be used as to (i) approximately RMB2.5 million for research and development; (ii) approximately RMB5 million for production of the aforementioned major projects; (iii)

## LETTER FROM GOLDIN FINANCIAL

approximately RMB0.5 million for marketing and promotion; and (iv) the remaining balance of approximately RMB1 million for the general working capital of Haitian Marine. We noted that the funding requirements were estimated based on the business plan and the relevant operational overheads of the respective projects including but not limited to raw material and services costs for the production, staff salaries, processing fees and distribution and marketing expenses and we are of the view that the proceeds allocated to Haitian Marine of RMB9 million will be sufficient for the capital expenditure of Haitian Marine for its business operation and development.

In relation to Haitian Aerospace, the major projects of Haitian Aerospace are (i) intermediate heavy-lift UAVs; and (ii) training drones. The research and development of such projects have commenced since April and May 2015 respectively, and the Company targets to launch the products in the market in the second quarter of 2016. The Directors intend that approximately RMB21.5 million will be required in respect of the development of Haitian Aerospace, which will be used as to (i) approximately RMB7 million for research and development; (ii) approximately RMB3 million for production and processing fee for trial production of the aforementioned major projects; (iii) approximately RMB11 million for production of the aforementioned major projects; and (iv) the remaining balance of approximately RMB0.5 million for marketing and general working capital of Haitian Aerospace. We noted that the funding requirements were estimated based on the business plan and the relevant operational overheads of the respective projects including but not limited to raw material and services costs for the production, staff salaries, processing fees and distribution and marketing expenses. Despite the estimated funding requirement for the aforesaid business plan of Haitian Aerospace amounts to approximately RMB21 million while part of the net proceeds of approximately RMB16 million will be allocated to Haitian Aerospace, it is expected that the balance of the estimated funding requirement of approximately RMB5 million will be financed by internal resources of the Group or bank borrowing.

In addition to the abovementioned new business plans, part of the net proceeds from the issue of the New Domestic Shares, being approximately RMB15 million, will be used for the purchase of the New Production Base. 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, and to be purchased and established by the Group. Upon enquiry with the management of the Group, we were given to understand that the existing production plants in Xi'an, Shaanxi Province are used by the Group under lease and any necessary modification or upgrading of the production plants is subject to limitation of the property/land use rights, while any necessary modification or upgrading of the production plants could only be carried out by the Group without restriction at its own production plants, which would facilitate the product research and development more efficiently in the long term. The Group proposed to acquire the new office space and production plants at Xi'an Hi-tech Industries Development Zone\* (西安高新技術產業開發區) ("XHTZ"), which are at the same district as of the current office and production plants of the Group located. XHTZ, is one of the PRC

## LETTER FROM GOLDIN FINANCIAL

National High-tech Industrial Development Zones\* (中國高新技術產業開發區), which was established under the approval of the State Council of the PRC in 1993. As advised by the management of the Company, the Company targets to finish the relocation of the new office and production plants in the fourth quarter of 2015. Despite the estimated funding requirement for the relocation of production plants amounts to approximately RMB40 million while part of the net proceeds of approximately RMB15 million will be used for the purchase of the New Production Base, it is expected that the balance of the estimated funding requirement of approximately RMB25 million will be satisfied by internal resources of the Group or bank borrowing.

As noted from the Annual Report 2014, the current liabilities of the Group as at 31 December 2014 was approximately RMB122.92 million, which comprised trade payables of approximately RMB76.24 million, other payables and accrued charges of approximately RMB25.93 million and bank and other borrowings of approximately RMB20.00 million. However, the current assets of the Group as at 31 December 2014 of approximately RMB131.38 million, which comprised trade receivables of approximately RMB95.47 million and amount due from a related party of approximately RMB26.50 million, which was slightly higher than the current liabilities of the Group as at 31 December 2014, resulting in a net current assets of approximately RMB8.46 million. Given all short-term debts are due within the next 12 months and the bank balances and cash only amounted to approximately RMB1.21 million, the net proceeds of the Subscription will help strengthen the capital base and improve the working capital position of the Group in order to support the operation and development of the Group's businesses.

Upon enquiry with the management of the Company, we were given to understand that 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. In respect of pre-emptive issues (such as rights issue and open offer), they usually incur higher costs which include underwriting commissions, documentation preparation costs and professional fees. In view of the loss-making track record of the Group and the thin trading liquidity of the Shares, it would also be difficult for the Company to identify potential underwriter or placing agent without offering deep discount to the issue price to increase the attractiveness of such issues under the recent volatile market conditions which may bring adverse impact on the share price performance. In addition, they would incur underwriting commission and generally high documentation preparation costs and professional fees and commonly take more than two months for completion, and hence did not consider pre-emptive issues to be desirable alternatives to the issue of the New Domestic Shares. Furthermore, placement of new H Shares in Hong Kong requires the approval of the China Securities Regulatory Commission ("CSRC") and the timing of its approval is uncertain. Even if it is approved, the size and turnover of the Company will need to be improved in order to allure quality investors. On the other hand, as confirmed by the PRC legal adviser to the Company, the issue of the

## LETTER FROM GOLDIN FINANCIAL

New Domestic Shares shall be approved by the Bureau of Commerce of Shaanxi Province\* (陝西省商務廳) and does not require to be approved by the CSRC. With regard to other alternative fundraising options or offers available to the Company, having considered (i) debt financing will increase finance costs of the Group; (ii) pre-emptive issues usually incur higher costs; and (iii) placement of new H Shares in Hong Kong requires the approval of the CSRC and the timing of its approval is uncertain, we are of the view that the issue of New Domestic Shares is an appropriate means to raise funds for the Group.

Considering that (i) the need to strengthen the capital base and improve the working capital position of the Group given the Group's financial performance for the recent financial years, in particular the loss-making position for the two years ended 31 December 2014 and relatively low level of net current assets as discussed above; (ii) the intention of the Company to diversify its business exposure with a view to broaden its revenue base and achieve better return of the Shareholders and additional funding is required to facilitate the expansion plan of the Company as well as to maintain the financial flexibility of the Group; (iii) that entering into of the Subscription Agreements broadens the capital base of the Company and is an appropriate means to raise funds for the Group; and (iv) the terms of the Subscription Agreements are fair and reasonable so far as the Independent Shareholders are concerned as discussed under the section headed "3. Principal terms of the Subscription Agreements" below, we concur with the Directors' view that the entering into of the Subscription Agreement is fair and reasonable and is in the interest of the Company and the Independent Shareholders as a whole.

### **3. Principal terms of the Subscription Agreements**

Pursuant to the Subscription Agreements, 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 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 Latest Practicable Date; (ii) approximately 42.24% of the total issued share capital of the Company as at the Last Trading Day and the Latest Practicable Date; (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.

The principal terms of the Subscription Agreement with each of the Subscribers are identical, and details of the New Domestic Shares to be subscribed by each of the Subscribers are set out in the section headed "3. New Domestic Shares" in the Letter from the Board.

## LETTER FROM GOLDIN FINANCIAL

### *Subscription Price*

As stated in the Letter from the Board, the Subscription Price of RMB0.105 (equivalent to approximately HK\$0.13) per New Domestic Share was arrived at after arm's length negotiations between the Company and the Subscribers principally with reference to the net asset value of the Company as at 31 December 2014 of approximately 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 on the price of the Shares, the Directors have also taken into account the then prevailing market capitalisation (i.e., market price) of the H Shares as of the Lasting Trading Date, but considered that it shall not be a material nor principal factor given the fact that the Domestic Shares and the H Shares are different class 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. The total Subscription Price is to be satisfied by each Subscriber by way of bank transfer or such other methods as the Company and each Subscriber may agree.

The Domestic Shares are not listed and therefore there is no publicly available trading or transfer price. 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 60.49% 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 84.34% to the closing price of HK\$0.83 per H Share as quoted on the Stock Exchange on the Latest Practicable Date; 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.

## LETTER FROM GOLDIN FINANCIAL

### *H Share price performance*

The following chart sets out the daily closing prices of the H Shares on the Stock Exchange for the period from 20 March 2014 (being the first trading day of the 12-month period prior to the Last Trading Day) up to and including the Latest Practicable Date (the “**Review Period**”). We consider that such one-year and longer period would be sufficient to smooth out the effects of any short-term fluctuation in the stock market for our analysis and therefore can serve as a benchmark for assessing the Subscription Price

*Chart 1: H Share price performance against the Subscription Price during the Review Period*



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).



## LETTER FROM GOLDIN FINANCIAL

As shown in Chart 1 above, the highest and the lowest daily closing price of the H Shares during the Review Period was HK\$1.49 and HK\$0.18 respectively as quoted on the Stock Exchange. The average closing price of the H Shares during the Review Period was approximately HK\$0.38. The Subscription Price represents (i) a discount of approximately 91.28% to the highest closing price of the H Shares; (ii) a discount of approximately 27.37% to the lowest closing price of the H Shares; and (iii) a discount of approximately 65.86% over the average closing price of the H Shares during the Review Period respectively.

It is noted that the daily closing price of the H Shares has been on an increasing trend in general since late of March 2015. The closing price of the H Shares was HK\$0.25 as quoted on the Stock Exchange on 23 March 2015, being the date of the Announcement and surged to HK\$1.49, being the highest closing price during the Review Period. The H Shares were traded between HK\$0.25 and HK\$1.49 during the period from 24 March 2015 (being the first trading day immediately after the date of the Announcement) to the Latest Practicable Date.

Since no information of change in the financial position of the Group was published in the public domain (e.g. interim or annual report) and the management of the Company also confirmed us that they are not aware of any material change in the financial position and prospects of the Group during the period from 24 March 2015 to the Latest Practicable Date, we are of the view that the recent significant surge in H Share price during the period from 24 March 2015 to the Latest Practicable Date was not supported by any improvement in the financial performance of the Group and the said surge of the Share price may reflect the positive market sentiment and perception towards the Subscription Agreements and the transactions contemplated thereunder and the future prospect of the Company and therefore, the H Share price during the period from 24 March 2015 to the Latest Practicable Date may not serve a fair and meaningful indicator for assessing the Subscription Price.

We noted that the recent market capitalisation of the H Shares as of the Last Trading Date has been considered by the Directors when determining the Subscription Price given the trading price of the H Shares was the only publicly available information on the market price of the Shares. Notwithstanding that the price of H Shares has increased since the Last Trading Date, in view of (i) the trading price of the H Shares represents the value of the H Shares that are traded in an open market; (ii) the Domestic Shares are not listed on any stock exchange; and (iii) the Domestic Shares are different from the H Shares in terms of class of Shares, we consider that the market price of the H Shares does not represent the value of the Domestic Shares and the above H Share price analysis could only serve as a general reference but not a detrimental factor for assessing the Subscription Price. Instead, we are of the view that the financial performance and the financial position of the Group which are independent of trading liquidity would give a fair assessment on the valuation of the Domestic Shares and therefore we concur with the Directors' view that the Subscription Price, which represents a premium of approximately 707.69% over the net asset value of the Company of approximately RMB0.013 per Share and was determined having considered

## LETTER FROM GOLDIN FINANCIAL

the relatively weak financial performance of the Group in the previous financial years, is fair and reasonable.

### *Comparison with other placing and share subscription exercises*

In assessing the fairness and reasonableness of the issue of the Subscription Price, we have attempted to identify those domestic share subscription exercises with fixed subscription price (“**Comparable(s)**”) announced by companies listed on the Stock Exchange for the period from 20 December 2014 (being the first trading day of the 3-month period prior to the Last Trading Day) up to and including the Latest Practicable Date. We consider that a review period of three calendar months prior to the Last Trading Date and up to the Latest Practicable Date is appropriate to capture the recent market practice because the Comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the subscription price under other domestic share subscription exercises as compared to the relevant prevailing market share prices under the recent market conditions and sentiments. We have identified only one Comparable for the aforesaid period which in our view does not form a representative sample size. As such, our analysis is mainly based on the comparison with the net asset value per Share and the financial performance of the Group as described above. Notwithstanding the aforesaid, details of the Comparable are set out in the following table:

Name of the company	The Comparable Jiangsu NandaSoft Technology Company Limited* (江蘇南大 蘇富特科技 股份有限公司)	The Company Xi’an Haitian Antenna Technologies Co., Ltd.* (西安海天天綫 科技股份 有限公司)
Stock code	8045	8227
Date of announcement	16 January 2015	23 March 2015
Premium over/(discount) to the closing price on the last trading day	Approximately % 9.38	Approximately % (55.93)
Premium over/(discount) to the closing price on the latest practicable date	25.00	(84.34)
No. of domestic shares issued over the existing issued domestic shares as at the date of the announcement	20.00	82.42
No. of domestic shares issued over the entire issued share capital as at the date of the announcement	13.21	42.24

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

## LETTER FROM GOLDIN FINANCIAL

As shown in the table above, the subscription price of the Comparable has a premium of approximately 9.38% and 25.00% over the respective closing price on the respective last trading day and the respective latest practicable date respectively, while the Subscription Price is a discount of approximately 55.93% and approximately 84.34% to the closing price per H Share on the Last Trading Day and the Latest Practicable Date respectively. In addition, the Comparable's number of domestic shares issued over the respective existing issued domestic shares as at the respective date of the announcement and the entire issued share capital as at the respective date of the announcement respectively is approximately 20.00% and 13.21% respectively, while the number of New Domestic Shares represents approximately 82.42% of the total issued Domestic Shares as at the Last Trading Day and the Latest Practicable Date.

Despite that the Subscription Price per New Domestic Share represents 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 and a discount of approximately 27.37% to the average closing price of the H Shares during the Review Period and such discount is relatively significant as compared to that of the Comparable, taking into account that (i) the relatively weak financial performance of the Group in the previous financial years as discussed in the section headed "1. Business and financial information of the Group"; (ii) the reasons for, and the benefits of, entering into the Subscription Agreements as described under the paragraphs headed "2. Reasons for, and benefits of entering into of the Subscription Agreements and the use of proceeds"; (iii) the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers 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; (iv) the Subscription Price represents 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; (v) the Domestic Shares are not listed and therefore there is no publicly available trading or transfer price; and (iv) the size of the Comparable analysis is so minimal that it may not represent a reasonable basis and population to form a meaningful conclusion, we are of the view that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

#### **4. Dilution to the shareholding of the existing H Shareholders**

Your attention is drawn to the section headed "Effects on the shareholding structure of the Company as a result of the issue of the new Domestic Shares" set out in the Letter From the Board. We noted that the shareholding of the existing public H Shareholders would reduce by approximately 13.43% from approximately 45.21% as at the Latest Practicable Date to approximately 31.78% immediately upon completion of the Subscription Agreements (assuming that there is no other change

in the issued share capital of the Company from the Latest Practicable Date and up to date of completion of the Subscription Agreements).

Taking into account (i) the reasons for, and the benefits of, entering into the Subscription Agreements as described under the paragraphs headed “2. Reasons for, and benefits of, the Subscription Agreements and the use of proceeds” above; (ii) the terms of the Subscription Agreements are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the positive impact on the Group’s liquidity, gearing position and net asset value as discussed below, we consider that the possible dilution effect on the shareholding interests of the existing public H Shareholders is justifiable.

## **5. Financial impacts of the Subscription Agreements**

### *(i) Net assets value*

According to the Annual Report 2014, the net assets of the Group were approximately RMB8.57 million. Upon completion of the Subscription Agreements, the net assets of the Group will increase by the estimated net proceeds from the issue of the Domestic Shares of approximately RMB41 million. As such, the entering into of the Subscription Agreements is expected to have a positive impact on the financial position of the Group.

### *(ii) Liquidity*

It is expected that the liquidity position of the Group will increase by approximately RMB41 million upon completion of the Subscription Agreements. As such, the entering into of the Subscription Agreements is expected to have a positive impact on the current ratio of the Group.

### *(iii) Cash flow*

According to the Annual Report 2014, the bank balances and cash amounted to approximately RMB1.21 million. Upon completion of the Subscription Agreements, the cash level of the Group will increase by the estimated net proceeds from the issue of the Domestic Shares of approximately RMB41 million. As such, the entering into of the Subscription Agreements is expected to have a positive impact on the cash flow of the Group.

### *(iv) Gearing ratio*

Upon completion of the Subscription Agreements, the total borrowings of the Group will remain unchanged and the total equity would be enlarged by the allotment and issue of the Domestic Shares. Accordingly, it is expected that the gearing position of the Group would improve.

## LETTER FROM GOLDIN FINANCIAL

### RECOMMENDATIONS

Based on the abovementioned principal factors and reasons for entering into the Subscription Agreements, we are of the view that, while the Subscription Agreements are not entered into the ordinary and usual course of business of the Company, the terms of the Subscription Agreements are normal commercial terms and the entering into of the Subscription Agreements is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreements and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Goldin Financial Limited**  
**Billy Tang**  
*Director*

## 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, 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.

## 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	Capacity	Number of Domestic Shares	Approximate % in the total issued Domestic Shares as enlarged by issue of the New Domestic Shares	Approximate % in the total issued Shares as enlarged by issue of the New Domestic Shares
Mr. Xiao Bing (肖兵先生) <sup>1</sup>	Held by controlled corporation	328,363,637	37.09%	24.38%
Mr. Chen Ji (陳繼先生) <sup>2</sup>	Interest of spouse	119,693,333	13.52%	8.89%

## Interest in H Shares:

Name of Director	Capacity	Number of H Shares	Approximate	Approximate
			percentage in the total issued H Shares	percentage in the total issued H Shares
Mr. Chen Ji (陳繼先生)	Beneficial owner	33,660,000	7.29%	2.50%

*Notes:*

- These Domestic Shares were held by, comprised of (i) 180,000,000 Domestic Shares; and (ii) 148,363,637 New Domestic Shares to be allotted and issued pursuant to the Tian An Investment Subscription Agreement. Tian An Investment 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 328,363,637 Domestic Shares held by Tian An Investment.
- These were 119,693,333 New Domestic Shares to be allotted and issued pursuant to the Gaoxiang Investment Subscription Agreement, which is beneficially owned by the spouse and mother-in-law of Mr. Chen Ji. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 119,693,333 New Domestic Shares.

**(b) Directors' interests in assets and contracts**

As at the Latest Practicable Date, save that (i) Mr. Xiao Bing was interested in the Tian An Investment Subscription Agreement; and (ii) Mr. Chen Ji is interested in the Gaoxiang Investment Subscription Agreement,

- none of the Directors had 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 2014, being the date to which the latest published audited accounts of the Company were made up; and
- 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 had 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) Interests in the Domestic Shares (long positions):*

Name of Shareholder	Capacity	Number of Domestic Shares	Approximately % in the total issued Domestic Shares	Approximately % in the total issued Domestic Shares enlarged by the New Domestic Shares	Approximately % in the total issued Shares	Approximately % in the total issued Shares enlarged by the New Domestic Shares
Tian An Investment <sup>1</sup>	Beneficial owner	328,363,637	67.66%	37.09%	34.67%	24.38%
Professor Xiao Liangyong (肖良勇教授) <sup>1</sup>	Parties acting in concert	328,363,637	67.66%	37.09%	34.67%	24.38%
Ms. Yao Wenli (姚文俐女士) <sup>1</sup>	Interest of controlled corporation	328,363,637	67.66%	37.09%	34.67%	24.38%
Xi'an International Medical Investment Company Limited* (西安國際醫學投資股份有限公司)	Beneficial owner	100,000,000	20.61%	11.30%	10.56%	7.42%
Shenzhen Huitai Investment Development Company Limited* (深圳市匯泰投資發展有限公司) <sup>2</sup>	Beneficial owner	75,064,706	15.47%	8.48%	7.93%	5.57%
Mr. Zuo Hong (左宏先生) <sup>2</sup>	Interest of controlled corporation	75,064,706	15.47%	8.48%	7.93%	5.57%
Ms. Yi Li (易麗女士) <sup>2</sup>	Interest of controlled corporation	75,064,706	15.47%	8.48%	7.93%	5.57%
Chang'an International Trust Co., Ltd.* (長安國際信託有限公司) <sup>3</sup>	Beneficial owner	70,151,471	14.46%	7.92%	7.41%	5.21%
Xi'an Finance Bureau* (西安市財政局) <sup>3</sup>	Interest of controlled corporation	70,151,471	14.46%	7.92%	7.41%	5.21%
Shanghai Zendai Investment Management Co., Ltd.* (上海証大投資管理有限公司) <sup>3</sup>	Interest of controlled corporation	70,151,471	14.46%	7.92%	7.41%	5.21%
北京京泰投資管理中心 (Beijing Holdings Investment Management Co., Ltd.*) <sup>4</sup>	Beneficial owner	54,077,941	11.14%	6.11%	5.71%	4.01%



Name of Shareholder	Capacity	Number of Domestic Shares	Approximately % in the total issued Domestic Shares	Approximately % in the total issued Domestic Shares enlarged by the New Domestic Shares	Approximately % in the total issued Shares	Approximately % in the total issued Shares enlarged by the New Domestic Shares
京泰實業(集團)有限公司 (Beijing Holdings (Group) Limited <sup>4</sup> )	Interest of controlled corporation	54,077,941	11.14%	6.11%	5.71%	4.01%
Gaoxiang Investment <sup>5</sup>	Beneficial owner	119,693,333	24.66%	13.52%	12.64%	8.89%
Ms. Sun Xiangjun (孫湘君女士) <sup>5</sup>	Interest of controlled corporation	119,693,333	24.66%	13.52%	12.64%	8.89%
Ms. Gao Xuejuan (高雪娟) <sup>5</sup>	Interest of controlled corporation	119,693,333	24.66%	13.52%	12.64%	8.89%
Haorun Investment <sup>6</sup>	Beneficial owner	70,000,000	14.42%	7.91%	7.39%	5.20%
Mr. Wang Yun (王贇先生) <sup>6</sup>	Interest of controlled corporation	70,000,000	14.42%	7.91%	7.39%	5.20%

## Notes:

- These 328,363,637 Domestic Shares, comprised of (i) 180,000,000 Domestic Shares; and (ii) 148,363,637 New Domestic Shares to be allotted and issued pursuant to the Tian An Investment Subscription Agreement, were held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by Ms. Yao Wenli. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, each of Professor Xiao Liangyong and Ms. Yao Wenli is deemed to be interested in the same 328,363,637 Domestic Shares.
- Shenzhen Huitai Investment Development Company Limited\* (深圳市匯泰投資發展有限公司) is beneficially owned by Mr. Zuo Hong (左宏先生) and Ms. Yi Li (易麗女士) in equal share. By virtue of the SFO, each of Mr. Zuo Hong (左宏先生) and Ms. Yi Li (易麗女士) is deemed to be interested in the same 75,064,706 Domestic Shares.
- By virtue of the SFO, Xi'an Finance Bureau\* (西安市財政局) and Shanghai Zendai Investment Management Co., Ltd.\* (上海証大投資管理有限公司), which respectively holds more than one third of voting rights of Chang'an International Trust Co., Ltd.\* (長安國際信託有限公司), are deemed to be interested in the same 70,151,471 Domestic Shares.
- By virtue of the SFO, Beijing Holdings (Group) Limited\* (京泰實業集團有限公司), which holds more than one third of voting rights of Beijing Holdings Investment Management Co., Ltd.\* (京泰實業集團有限公司) is deemed to be interested in the same 54,077,941 Domestic Shares.
- These represents 119,693,333 New Domestic Shares to be allotted and issued pursuant to the Gaoxiang Investment Subscription Agreement. Gaoxiang Investment is beneficially owned by Ms. Sun Xiangjun (孫湘君女士) and Ms. Gao Xuejuan (高雪娟) in equal share. By virtue of the SFO, each of Ms. Sun Xiangjun (孫湘君女士) and Ms. Gao Xuejuan (高雪娟) is deemed to be interested in the same 119,693,333 New Domestic Shares.
- These represents 70,000,000 New Domestic Shares to be allotted and issued to Haorun Investment pursuant to the relevant Subscription Agreement. By virtue of the SFO, Mr. Wang Yun (王贇先生) who owns 50% of the voting right of Haorun Investment, is deemed to be interested in the same 70,000,000 New Domestic Shares.

(ii) *Interests in the H Shares (long positions):*

Name of shareholder	Capacity	Number of H Shares	Approximate % in the total issued H Shares	Approximately % in the total issued Shares	Approximate % in the total issued Shares as enlarged by the issue of the New Domestic Shares
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司) <sup>1</sup>	Beneficial owner	80,000,000	17.32%	8.45%	5.94%
Mr. Duan Bin (段斌先生) <sup>1</sup>	Interest in controlled corporation	80,000,000	17.32%	8.45%	5.94%
Great Harmony Ventures Limited (大同創投有限公司) <sup>2</sup>	Beneficial owner	60,000,000	12.99%	6.34%	4.45%
Ms. Yin Shan (殷珊女士) <sup>2</sup>	Interest in controlled corporation	60,000,000	12.99%	6.34%	4.45%
Campari Winner Limited <sup>3</sup>	Beneficial owner	50,000,000	10.83%	5.28%	3.71%
Ms. Lu Jinhua (陸謹華女士) <sup>3</sup>	Interest in controlled corporation	50,000,000	10.83%	5.28%	3.71%
Variant Wealth Limited <sup>4</sup>	Beneficial owner	50,000,000	10.83%	5.28%	3.71%
Ms. Sun Siwei (孫思瑋女士) <sup>4</sup>	Interest in controlled corporation	50,000,000	10.83%	5.28%	3.71%

*Notes:*

- Hongkong Jinsheng Enterprise Co., Limited is beneficially owned as to 80% by Mr. Duan Bin (段斌先生). By virtue of the SFO, Mr. Duan Bin (段斌先生) is deemed to be interested in the same 80,000,000 H Shares.
- Great Harmony Ventures Limited is beneficially and wholly owned by Ms. Yin Shan (殷珊女士). By virtue of the SFO, Ms. Yin Shan (殷珊女士) is deemed to be interested in the same 60,000,000 H Shares.
- Campari Winner Limited is beneficially and wholly owned by Ms. Lu Jinhua (陸謹華女士). By virtue of the SFO, Ms. Lu Jinhua (陸謹華女士) is deemed to be interested in the same 50,000,000 H Shares.
- Variant Wealth Limited is beneficially and wholly owned by Ms. Sun Siwei (孫思瑋女士). By virtue of the SFO, Ms. Sun Siwei (孫思瑋女士) is deemed to be interested in the same 50,000,000 H Shares.

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.

As at the Latest Practicable Date, Mr. Xiao Bing was a director of Tian An Investment, Mr. Sun Wenguo was a director of Xi’an International Medical Investment Company Limited\* (西安國際醫學投資股份有限公司), Mr. Xie Yiqun was an employee of Chang’an International Trust Co., Ltd.\* (長安國際信託有限公司) and Mr. Yan Feng was an employee of Beijing Holdings Investment Management Co., Ltd.\* (北京京泰投資管理中心). Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term valid until 28 June 2016 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>
Mr. Xiao Bing	600,000
Mr. Chen Ji	600,000
Mr. Sun Wenguo	6,000
Mr. Li Wenqi	6,000
Mr. Yan Feng	6,000
Mr. Xie Yiqun	6,000
Mr. Zhang Jun	36,000
Professor Shi Ping	12,000
Ms. Huang Jing	12,000

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 ADVERSE CHANGES SINCE 31 DECEMBER 2014**

The Directors are not aware of any material adverse change in the financial and trading position of the Company since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

**5. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Goldin Financial Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Goldin Financial Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Goldin Financial 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 2014 (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.

**6. 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 49, is the son of Professor Xiao Liangyong, the founder of the Company. Mr. Xiao Bing is 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. Mr. Xiao was the chairman of the Board from August 2004 to November 2009.

- (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 Mr. Zhang Jun and Ms. Huang Jing, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. Ms. Huang Jing was the chairman of the audit committee. Biographical details of the members of the audit committee are set forth below:

Ms. Huang Jing (黃婧女士), aged 30, obtained Bachelor of Laws from Zhejiang Sci-Tech University\* (浙江理工大學) in 2006. Ms. Huang worked for Shanghai Florin Investment Management Co., Ltd.\* (上海豐瑞投資集團有限公司) as senior manager of legal department from December 2006 to March 2008. Since March 2008, she joined Shanghai Hui Da Feng Law Firm\* (上海市匯達豐律師事務所) as paralegal and trainee solicitor and became lawyer and partner. Ms. Huang was securities affairs representative of Shanghai Zhongji Investment Holding Co., Ltd.\* (上海中技投資控股股份有限公司), a company listed on The Shanghai Stock Exchange, from May 2011 to January 2014. Ms. Huang was appointed as director of Zhejiang Xinlian Co., Ltd.\* (浙江信聯股份有限公司) on 2 March 2015. Ms. Huang was an independent Supervisor from 28 June 2013 to 13 February 2015, and was appointed as an independent non-executive Director with effect from 13 February 2015.

Mr. Zhang Jun (張鈞先生), aged 46, worked for 西北電業管理局 (Northwest Electrical Authority\*) after graduation from 南京理工大學 (Nanjing University of Science and Technology\*) in 1990. In 1993, he served as regional sales director and Beijing chief representative of 美國哈里斯(深圳)通信設備股份有限公司 (United States Harris Communications Equipment (Shenzhen) Co., Ltd.\*). Mr. Zhang joined 北京地傑通信設備有限公司 (Beijing Dijie Communication Equipment Co., Ltd.\*) as marketing director, general manager of overseas operations and vice president. Since 2011, Mr. Zhang was managing director of 深圳愛勞高科技有限公司 (Shenzhen Arrow Advanced Technology Co.,Ltd.\*).

Mr. Li Wenqi (李文琦先生), aged 49, 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.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Messrs. Locke Lord at 21/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong within 14 days from the date of this circular:

- (a) the Subscription Agreements;
- (b) the Articles of Association;
- (c) the letter from the Independent Financial Adviser as set out in "Letter from Goldin Financial" of this circular;
- (d) the service contracts referred to in "Service contracts" in this Appendix;
- (e) the written consent of the Independent Financial Adviser referred to in "Expert and consent" of this Appendix; and
- (f) this circular.

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES



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 H SHAREHOLDERS CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**H Shareholders Class Meeting**”) for holders of the overseas listed foreign invested shares (the “**H Shares**”) of Xi’an Haitian Antenna Technologies Co., Ltd. (the “**Company**”) will be held at 2:30 p.m., 21 August 2015 at Conference Room, A-2 of Standard Workshop Phrase II, Zone B of Xi’an Export Processing Zone, No. 28 Xinxi Avenue, National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering, and if thought fit, with or without modifications, passing the resolutions set out below as special resolutions:

#### SPECIAL RESOLUTIONS

1. “**THAT**
  - (a) the subscription agreement dated 26 June 2015 (the “**Tian An Investment Subscription Agreement**”) entered into between the Company and Xi’an Tian An Investment Co., Ltd.\* (西安天安投資有限公司) in relation to the subscription of 148,363,637 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised to make changes or amendments to the Tian An Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Tian An Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
  - (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Tian An Investment Subscription Agreement;

\* for identification purpose only

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 2. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “**Gaoxiang Investment Subscription Agreement**”) entered into between the Company and Shanghai Gaoxiang Investment Management Limited\* (上海高湘投資管理有限公司) in relation to the subscription of 119,693,333 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Gaoxiang Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Gaoxiang Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Gaoxiang Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;



## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

- (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 3. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “**Haorun Investment Subscription Agreement**”) entered into between the Company and Xi’an Haorun Investment Limited\* (西安昊潤投資有限責任公司), in relation to the subscription of 70,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Haorun Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Haorun Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Haorun Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (iv) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

- (v) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (vi) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 4. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Yinji Investment Subscription Agreement”) entered into between the Company and Shaanxi Yinji Investment Limited\* (陝西銀吉投資有限公司) in relation to the subscription of 20,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Yinji Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Yinji Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Yinji Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

(iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

5. **“THAT**

- (a) the subscription agreement dated 26 June 2015 (the “Hongshi Investment Subscription Agreement”) entered into between the Company and Hongshi (Shanghai) Investment Consultancy Limited\* (宏獅(上海)投資諮詢有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Hongshi Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Hongshi Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Hongshi Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

6. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Maokou Commerce and Trading Subscription Agreement”) entered into between the Company and Shanghai Maokou Commerce and Trading Limited\* (上海睿寇商貿有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Maokou Commerce and Trading Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Maokou Commerce and Trading Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Maokou Commerce and Trading Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

### 7. "THAT

- (a) the subscription agreement dated 26 June 2015 (the "Jiao Chengyi Subscription Agreement") entered into between the Company and Mr. Jiao Chengyi (焦成義), in relation to the subscription of 4,943,030 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Jiao Chengyi Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Jiao Chengyi Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Jiao Chengyi Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities."

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

Xi'an, the PRC, 6 July 2015

\* for identification purpose only

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

*Notes:*

1. The register of members of H Shares of the Company will be closed from 22 July 2015 to 21 August 2015 (both days inclusive), during which period no transfer of shares of the Company can be registered.
2. Holders of H Shares whose names appear on the register of members of H Shares of the Company at the close of business on 21 July 2015 shall be entitled to attend and vote at the H Shareholders Class Meeting 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 H Shareholders Class Meeting is herewith enclosed. In order to be valid, the proxy form must be deposited by hand or by post to the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited no later than 24 hours before the time for holding the H Shareholders Class Meeting. If the proxy form is signed by a person under a power of attorney or other authority, a notorially 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 H Shareholders Class Meeting.
5. Shareholders who intend to attend the H Shareholders Class Meeting should complete and return the enclosed reply slip by hand or by post to the H Share registrar of the Company no later than 31 July 2015.
6. Shareholders or proxies attending the H Shareholders Class Meeting 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 address of the Company's H share registrar is as follows:

17M Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wan Chai,  
Hong Kong



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 DOMESTIC SHAREHOLDERS CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**Domestic Shareholders Class Meeting**”) for holders of domestic shares (“**Domestic Shares**”) of Xi’an Haitian Antenna Technologies Co., Ltd. (the “**Company**”) will be held at will be held at 2:45 p.m. (or as soon as the class meeting of the holders of H shares of the Company to be convened at the same date and place at 2:30 p.m. shall conclude or adjourn), 21 August 2015 at Conference Room, A-2 of Standard Workshop Phrase II, Zone B of Xi’an Export Processing Zone, No. 28 Xinxu Avenue, National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering, and if thought fit, with or without modifications, passing the resolutions set out below as special resolutions:

### SPECIAL RESOLUTIONS

1. “**THAT**
  - (a) the subscription agreement dated 26 June 2015 (the “**Tian An Investment Subscription Agreement**”) entered into between the Company and Xi’an Tian An Investment Co., Ltd.\* (西安天安投資有限公司) in relation to the subscription of 148,363,637 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised to make changes or amendments to the Tian An Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Tian An Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
  - (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Tian An Investment Subscription Agreement;

\* *for identification purpose only*

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 2. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “**Gaoxiang Investment Subscription Agreement**”) entered into between the Company and Shanghai Gaoxiang Investment Management Company Limited (上海高湘投資管理有限公司) in relation to the subscription of 119,693,333 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Gaoxiang Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Gaoxiang Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Gaoxiang Investment Subscription Agreement;



**NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES**

- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

3. **“THAT**

- (a) the subscription agreement dated 26 June 2015 (the **“Haorun Investment Subscription Agreement”**) entered into between the Company and Xi’an Haorun Investment Limited\* (西安昊潤投資有限責任公司) in relation to the subscription of an aggregate 70,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Haorun Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Haorun Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Haorun Investment Subscription Agreement;

\* *for identification purpose only*

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

#### 4. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Yinji Investment Subscription Agreement”) entered into between the Company and Shaanxi Yinji Investment Limited\* (陝西銀吉投資有限公司) in relation to the subscription of 20,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Yinji Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Yinji Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Yinji Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

- (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 5. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Hongshi Investment Subscription Agreement”) entered into between the Company and Hongshi (Shanghai) Investment Consultancy Limited\* (宏獅(上海)投資諮詢有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Hongshi Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Hongshi Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Hongshi Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and

**NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES**

(iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

6. **“THAT**

- (a) the subscription agreement dated 26 June 2015 (the “Maokou Commerce and Trading Subscription Agreement”) entered into between the Company and Shanghai Maokou Commerce and Trading Limited\* (上海睿寇商貿有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Maokou Commerce and Trading Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Maokou Commerce and Trading Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Maokou Commerce and Trading Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

**NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES**

7. **“THAT**

- (a) the subscription agreement dated 26 June 2015 (the “Jiao Chengyi Subscription Agreement”) entered into between the Company and Mr. Jiao Chengyi (焦成義), in relation to the subscription of 4,943,030 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Jiao Chengyi Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Jiao Chengyi Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Jiao Chengyi Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

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

Xi’an, the PRC, 6 July 2015

\* *for identification purpose only*

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

*Notes:*

1. The register of members of Domestic Shares will be closed from 22 July 2015 to 21 August 2015 (both days inclusive), during which period no transfer of Domestic Shares can be registered.
2. Holders of Domestic Shares whose names appear on the register of members of Domestic Shares at the close of business 21 July 2015 shall be entitled to attend and vote at the Domestic Shareholders Class Meeting 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 Domestic Shareholders Class Meeting is herewith enclosed. In order to be valid, the proxy form must be deposited by hand or by post to the Company's head office no later than 24 hours before the time for holding the Domestic Shareholders Class Meeting. 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 Domestic Shareholders Class Meeting.
5. Shareholders who intend to attend the Domestic Shareholders Class Meeting should complete and return the enclosed reply slip by hand or by post to the Company's head office, no later than 31 July 2015.
6. Shareholders or proxies attending the Domestic Shareholders Class Meeting 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 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.

# 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 3:00 p.m. (or as soon as the class meeting of the holders of domestic shares of the Company to be convened at the same date and place at 2:45 p.m. shall conclude or adjourn), 21 August 2015 at Conference Room, A-2 of Standard Workshop Phrase II, Zone B of Xi’an Export Processing Zone, No. 28 Xinxi Avenue, National Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering, and if thought fit, with or without modifications, passing the resolutions set out below:

### SPECIAL RESOLUTIONS

1. “**THAT**
  - (a) the subscription agreement dated 26 June 2015 (the “**Tian An Investment Subscription Agreement**”) entered into between the Company and Xi’an Tian An Investment Co., Ltd.\* (西安天安投資有限公司) in relation to the subscription of 148,363,637 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the board of directors of the Company (the “**Board**”) be and is hereby authorised to make changes or amendments to the Tian An Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Tian An Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
  - (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Tian An Investment Subscription Agreement;
  - (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:

\* *for identification purpose only*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

- (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
- (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 2. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “**Gaoxiang Investment Subscription Agreement**”) entered into between the Company and Shanghai Gaoxiang Investment Management Company Limited (上海高湘投資管理有限公司) in relation to the subscription of 119,693,333 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Gaoxiang Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Gaoxiang Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Gaoxiang Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the Gaoxiang Investment New Domestic Shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;



## NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

### 3. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “**Haorun Investment Subscription Agreement**”) entered into between the Company and each of Xi’an Haorun Investment Limited\* (西安昊潤投資有限責任公司) in relation to the subscription of 70,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Haorun Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Haorun Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Haorun Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;

\* for identification purpose only

## NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
- (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

#### 4. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Yinji Investment Subscription Agreement”) entered into between the Company and Shaanxi Yinji Investment Limited\* (陝西銀吉投資有限公司) in relation to the subscription of 20,000,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Yinji Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Yinji Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Yinji Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and

## NOTICE OF EXTRAORDINARY GENERAL MEETING

(iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

5. **“THAT**

- (a) the subscription agreement dated 26 June 2015 (the “Hongshi Investment Subscription Agreement”) entered into between the Company and Hongshi (Shanghai) Investment Consultancy Limited\* (宏獅(上海)投資諮詢有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Hongshi Investment Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Hongshi Investment Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Hongshi Investment Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

6. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Maokou Commerce and Trading Subscription Agreement”) entered into between the Company and Shanghai Maokou Commerce and Trading Limited\* (上海睿寇商貿有限公司), in relation to the subscription of 18,500,000 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Maokou Commerce and Trading Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Maokou Commerce and Trading Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Maokou Commerce and Trading Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### 7. “THAT

- (a) the subscription agreement dated 26 June 2015 (the “Jiao Chengyi Subscription Agreement”) entered into between the Company and Mr. Jiao Chengyi (焦成義), in relation to the subscription of 4,943,030 new domestic shares and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Board be and is hereby authorised to make changes or amendments to the Jiao Chengyi Subscription Agreement as it may in its absolute discretion deem fit, to implement and take all steps and to do any and all acts and things as may be necessary or desirable to give effect to and/or to complete the Jiao Chengyi Subscription Agreement and to sign and execute any other documents or to do any other matters incidental thereto and/or as contemplated thereunder;
- (c) the Board be and is hereby granted a specific mandate to allot and issue the new domestic shares pursuant to the Jiao Chengyi Subscription Agreement;
- (d) contingent on the Board resolving to issue the new domestic shares pursuant to paragraph (c) of this resolution, the Board be authorised to:
  - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of the new domestic shares;
  - (ii) increase the registered capital of the Company in accordance with the actual increase of capital by issuing the new domestic shares pursuant to paragraph (c) of this resolution, register the increased registered capital with the relevant authorities and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase in the registered capital of the Company; and
  - (iii) make all necessary filings and registrations with the relevant PRC, Hong Kong and/or other authorities.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

8. “THAT
- (a) the Chinese name of the Company be and is hereby changed from “西安海天天綫科技股份有限公司” to “西安海天天綫控股股份有限公司” with effect from the date on which the business licence bearing the new name of the Company is issued by the relevant government authorities in the People’s Republic of China;
  - (b) the English name “Xi’an Haitian Antenna Holdings Co., Ltd.” be and is hereby adopted for identification purpose only; and
  - (c) any one director of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents he/she considers necessary or expedient in connection with the implementation of or give effect to the proposed change of company name.”
9. “THAT
- (a) the proposed amendment of the Articles of Association of the Company (the “**Articles of Association**”) as more particularly described in the circular of the Company dated 6 July 2015 be and are hereby approved; and
  - (b) any one director of the Company be and is hereby authorised to make such adjustments or other amendments to the Articles of Association as he/she considers necessary or otherwise appropriate in connection with the proposed amendment or as may be required by the relevant regulatory authorities, and to file the amended Articles of Association with the relevant authorities for approval, endorsement and/or registration as appropriate, and to do or authorise doing all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, expedient or desirable to give effect to and implement the amendment of the Articles of Association.”

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### ORDINARY RESOLUTIONS

10. To consider and, if thought fit, to approve the appointment of Mr. Li Peng (李鵬先生) as non-executive director of the Company with effect from the conclusion of the EGM to 28 June 2016;
11. To consider and, if thought fit, to approve the appointment of Mr. Tu Jijun (塗繼軍先生) as independent non-executive director of the Company with effect from the conclusion of the EGM to 28 June 2016;
12. To consider and, if thought fit, to approve the appointment of Mr. Zhang Yi (張毅先生) as independent supervisor of the Company with effect from the conclusion of the EGM to 28 June 2016;
13. To consider and, if thought fit, to authorize the Board to enter into service agreements with the directors and supervisors of the Board and the supervisory committee of the Company with terms and conditions which it, in its absolute discretion, may deem appropriate, and to do or authorize doing all such acts, matters and things as it may in its absolute discretion consider necessary, expedient or desirable in connection with the appointment of directors of the Board and the supervisor of the supervisory committee of the Company; and
14. To consider and, if thought fit, to authorize the Board to fix the remuneration of directors of the Board and the supervisor of the supervisory committee of the Company.

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

Xi'an, the PRC, 6 July 2015

\* for identification purpose only

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Notes:*

1. The register of members of the Company will be closed from 22 July 2015 to 21 August 2015, 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 21 July 2015 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 and, for holders of domestic shares, to the Company's head office no later than 31 July 2015.
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 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

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

17M Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wan Chai,  
Hong Kong