
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Haitiantian Holdings 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 in securities 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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西安海天天實業股份有限公司
XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings Co., Ltd.))*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8227)

**ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;
CONNECTED TRANSACTIONS – ISSUE OF
NEW DOMESTIC SHARES TO GAOXIANG INVESTMENT AND MR. XIAO
AND
NOTICES OF CLASS MEETINGS
AND EXTRAORDINARY GENERAL MEETING**

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

Donvex Capital 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 5 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 20 to 21 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 22 to 38 of this circular.

Notices convening the H Shareholders Class Meeting, the Domestic Shareholders Class Meeting and the EGM to be held on 19 March 2018 at Conference Room, Level 3, No. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China are set out on pages HCM-1 to HCM-5, DCM-1 to DCM-5 and EGM-1 to EGM-5 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. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China (Post Code: 710119) (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 27 February 2018, 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>.

2 February 2018

* 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.

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DEFINITIONS

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

“Announcement”	the announcement of the company dated 10 October 2017 regarding, among other things, issue of Domestic Shares under specific mandate
“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”	西安海天天實業股份有限公司 (Xi’an Haitiantian Holdings Co., Ltd.*), a joint stock company incorporated in the PRC and whose H Shares are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Connected Subscription Agreements”	collectively, the Gaoxiang Investment Subscription Agreement and Mr. Xiao Subscription Agreement
“Director(s)”	director(s) of the Company
“Domestic Shareholders Class Meeting”	class meeting of the holders of the Domestic Shares to be convened to consider and, if thought fit, approve among other things, the Subscription Agreements and the transactions contemplated thereunder
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 in the share capital of the Company, which are subscribed for in Renminbi
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreements and the transactions contemplated thereunder

DEFINITIONS

“Gaoxiang Investment”	Shanghai Gaoxiang Investment Management Company Limited* (上海高湘投資管理有限公司), which is more particularly described in the section headed “Letter from the Board – Information on the Subscribers” of this circular
“Gaoxiang Investment Subscription Agreement”	the subscription agreement dated 10 October 2017 entered into between the Company and Gaoxiang Investment in relation to the subscription of 65,000,000 New Domestic Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars
“H Shareholders Class Meeting”	class meeting of the holders of the H Shares to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreements and the transactions contemplated thereunder
“Haitian Aerospace”	Xi’an Haitian Aerospace Technologies Co., Ltd.* (西安海天航空航天科技有限公司), a wholly-owned subsidiary of the Company mainly engaged in development of unmanned aerial vehicles, avionics imaging and monitoring, and other related products and services
“Haitian 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

DEFINITIONS

“Independent Financial Adviser” or “Donvex Capital”	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) Gaoxiang Investment, Mr. Xiao, Ms. Jin Rongfei (金嶸霏女士), Mr. Zhang Jiandong (張建東先生) and their respective associates; (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”	a third party who is independent of and not connected with the Company and any of its connected person, and not otherwise a connected person of the Company
“Last Trading Day”	10 October 2017, being the last day of trading in the H Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	31 January 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Mr. Chen”	Mr. Chen Ji (陳繼先生), the Chairman of the Board and an executive Director
“Mr. Xiao”	Mr. Xiao Bing (肖兵先生), an executive Director
“Mr. Xiao Subscription Agreement”	the subscription agreement dated 10 October 2017 entered into between the Company and Mr. Xiao in relation to the subscription of 65,000,000 New Domestic Shares
“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
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong, as amended from time to time)

DEFINITIONS

“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 Independent Shareholders at the Class Meetings and the EGM to authorise the Directors to allot and issue in aggregate 200 million New Domestic Shares under the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Gaoxiang Investment, Mr. Xiao, Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生)
“Subscription Agreements”	collectively, the subscription agreements entered into by the Company and each of the Subscribers on 10 October 2017 in relation to the subscription of in aggregate 200 million New Domestic Shares by the Subscribers and each, the “Subscription Agreement”
“Subscription Price”	the subscription price of RMB0.21 per New Domestic Share
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“UAV”	Unmanned aerial vehicle, an aircraft without a human pilot aboard
“%”	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 : RMB0.847. 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



西安海天天實業股份有限公司
XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings Co., Ltd.*))
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8227)

Executive Directors:

Mr. Chen Ji (Chairman)
Mr. Xiao Bing

Non-Executive Directors:

Mr. Sun Wenguo
Mr. Li Wenqi
Mr. Zuo Hong
Ms. Huang Jing
Mr. Yan Weimin

Independent Non-Executive Directors:

Mr. Zhang Jun
Professor Shi Ping
Mr. Tu Jijun
Dr. Lam Lee G.

Registered office:

No. 25 Shuoshi Road,
Hi-tech Industrial Development Zone,
Xi'an, Shaanxi Province,
the People's Republic of China

Principal place of business

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

2 February 2018

To the Shareholders

Dear Sir or Madam,

**ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;
CONNECTED TRANSACTIONS – ISSUE OF
NEW DOMESTIC SHARES TO GAOXIANG INVESTMENT AND MR. XIAO
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NOTICES OF CLASS MEETINGS
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LETTER FROM THE BOARD

INTRODUCTION

On 10 October 2017, the Company announced that it has entered into a subscription agreement with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for in aggregate 200 million New Domestic Shares at a subscription price of RMB0.21 per New Domestic Share.

The purpose of this circular is to provide you with, among other things, (a) further information on the Subscription Agreements and the Specific Mandate; (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 entered into with each of the Subscribers are identical, except for the number of New Domestic Shares to be subscribed by each of the Subscribers and total Subscription Price payable therefor as more particularly set out in the section headed “The Subscription Agreements – New Domestic Shares” of this letter.

Summarised below are the principal terms of the Subscription Agreements:

1. Date

10 October 2017

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	Number of New Domestic Shares	As at the Last Trading Date		Immediately following the allotment and issue of the New Domestic Shares		Total Subscription Price (RMB)
		Approximate % of the total issued Domestic Shares	Approximate % of the total issued share capital	Approximate % of the total issued Domestic Shares	Approximate % of the total issued share capital	
Gaoxiang Investment	65,000,000	7.34%	4.24%	5.99%	3.75%	13,650,000
Mr. Xiao	65,000,000	7.34%	4.24%	5.99%	3.75%	13,650,000
Ms. Jin Rongfei (金蝶霏女士)	50,000,000	5.65%	3.27%	4.61%	2.89%	10,500,000
Mr. Zhang Jiandong (張建東先生)	20,000,000	2.26%	1.31%	1.84%	1.16%	4,200,000
Total:	200,000,000	22.59%	13.06%	18.43%	11.55%	42,000,000

The 200 million New Domestic Shares represent:

- (i) approximately 22.59% of the total issued Domestic Shares as at the Last Trading Day;
- (ii) approximately 13.06% of the total issued share capital of the Company as at the Last Trading Day;
- (iii) approximately 18.43% of the total issued Domestic Shares as enlarged by the issue of the New Domestic Shares; and
- (iv) approximately 11.55% of the total issued share capital of the Company as enlarged by the issue of the New Domestic Shares.

Prior to enter into the Subscription Agreements, the Company has made enquiries with the existing holders of the Domestic Shares regarding their intention to subscribe for New Domestic Shares and the number of New Domestic Shares which they intended to subscribe. Among the existing holders of Domestic Shares, only Gaoxiang Investment and Mr. Xiao (being the ultimate beneficial owner of Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司) which is owned as to 60% by Mr. Xiao and 40% by his mother) had informed the Company of their intention. Mr. Chen had informed the Company that Mr. Zhang Jiandong and Ms. Jin Rongfei, both of whom are business contacts of Mr. Chen, intended to invest in the Company by subscribing for the New Domestic Shares. The Company therefore negotiated with the Subscribers and entered into the Subscription Agreements with them.

LETTER FROM THE BOARD

4. Subscription Price and payment terms

The Subscription Price of RMB0.21 (equivalent to approximately HK\$0.248) per New Domestic Share represents:

- (i) a discount of approximately 96.65% to the closing price of HK\$7.400 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 96.44% to the average closing price of HK\$6.966 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 96.22% to the average closing price of HK\$6.563 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 premium of approximately 336.87% over the net asset value of the Company of approximately RMB0.04807 per Share based on the Company's unaudited consolidated net asset value attributable to owners of the Company of approximately RMB73,596,000 as at 30 June 2017; and
- (v) a discount of approximately 96.09% to the closing price of HK\$6.350 per H Shares as quoted on the Stock Exchange on the Latest Practicable Date.

The net Subscription Price, after deduction of relevant expenses, is approximately RMB0.205 per New Domestic Share.

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

The Subscription Price of RMB0.21 (equivalent to approximately HK\$0.248) per New Domestic Share was determined principally with reference to the net asset value of the Company as at 30 June 2017 of RMB0.04807 per Share, the financial performance of the Company 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. In setting the Subscription Price, apart from the net assets value of the Company as at 30 June 2017 and the par value of RMB0.1 of the Shares as the Company is prohibited by the relevant PRC law to issue new Shares at a price below its par value, the other key factor considered by the Company was its funding requirements for those purposes as described in the section headed "Use of proceeds" in this letter. While the level of discount to market price of H Shares is not considered to be a key factor, a subscription price at a level of premium to the net asset value of the Company as at 30 June 2017 at which the Company's funding requirements can be satisfied is considered to be a key factor of the Company in determining the Subscription Price. In view of the above, the Directors

LETTER FROM THE BOARD

(including the independent non-executive Directors) consider that the Subscription Price, being a premium of approximately 336.87% over the net asset value of the Company's unaudited consolidated net asset value as at 30 June 2017, is fair and reasonable. On the other hand, taking into account the non-listing status of the New Domestic Shares, the relatively weak financial performance of the Group in recent financial years, the benefits of the issue of Domestic Shares and the fact that there is no better financing alternatives available to the Group as disclosed in the section headed "Reasons for and the benefits of the issue of the New Domestic Shares" of this letter, the Directors (including the independent non-executive Directors) consider that the Subscription Price, being a discount of approximately 96.65% to the closing price of H Shares on the Last Trading Day, is fair and reasonable.

5. Conditions precedent

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

- (i) the obtaining by the Company of the approval by the Independent Shareholders for the Subscription Agreement and the transactions contemplated thereunder in accordance with the Articles of Association of the Company and the relevant laws and regulations;
- (ii) 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); and
- (iii) each of the parties to the Subscription Agreement has not committed a material breach of the terms thereof.

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 30 June 2018 (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.

6. Completion

Each Subscription Agreement is to be completed within three business days 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 RMB30 million for the research and development, trial production, production, marketing and general working expenses of new models of antennas including antennas manufactured by the use of new materials, WIFI antennas and 5G antennas;
- (ii) approximately RMB10 million for the research and development, trial production, production, marketing and general working expenses of heavy-lift unmanned gyroplane and mini commanding and monitoring unmanned gyroplane by Haitian Aerospace; and
- (iii) approximately RMB1 million for the research and development, trial production, production, marketing and general working expenses of underwater surveillance equipment by Haitian Marine.

The amount of proceeds allocated to the above business segments of the Group is determined based on the respective business plan and estimation on funding requirements. Further information regarding the above business segments of the Group is as follows:

1. Business plan

(i) *Sales of antennas products and related services*

Leveraging on years of experience in the mobile communication industry, together with its own technical experience accumulated over the years, and after devoting substantial resources to development and research in recent years, the Company has now been developing a series of antennas products with new materials which are characterised by new broadband, multiple-beam, high gain and full-angle coverage through integrating new dielectric materials with communication technology. These products are energy-saving and environment-friendly, and can increase access capacity by 3 to 4 times in practical uses. Coupled with wider coverage and better user internet perception, these products represent a technical innovation on traditional antennas design. The new antennas products will be widely used in 3G, 4G network optimisation, 5G network construction, emergency communication support, WIFI hot coverage and other areas. Currently, some of the products have been substantially finalised and will be gradually put into market after pilot launch. It is expected that this will greatly improve the Company's operating condition in mobile communication products, and increase the Company's revenues generated from the communication industry.

(ii) *Sales of unmanned aerial products*

With unceasing efforts, the Company has completed UAV simulation test for large-loaded UAV products; and for multi-axis rotor UAV, the Company has completed research and development of industrial UAV and has started to launch related marketing activities. With the

LETTER FROM THE BOARD

increasing market demand for UAV products from firefighting, public security and other industries, the Company intends to develop various kinds of professional and customised UAV products catering for different demands of all industries, and will gradually put them into market. Meanwhile, the Company will also put more efforts in promotion according to the research and development progress so as to further expand customer base and improve the sale network of the Group, with an aim to promote comprehensive development.

(iii) Sales of underwater surveillance and related products

The Company will increase its efforts in marketing of its existing high-definition underwater camera equipment, camera platform equipment, information accessing equipment, waterproof technical equipment and other products, and will continually carry out research and development improvement to the technology underlying those products based on the needs of market and customers, aiming to satisfy the customisation requirement in each aspect of market, constantly enlarge product application scope and enrich customer base of products.

2. Timeline for using the proceeds

Use of proceeds	Particulars	Within one year immediately following the allotment and issue of the New Domestic Shares (RMB'000)	More than one year immediately following the allotment and issue of the New Domestic Shares (RMB'000)
New models of antennas	Research and development and trial production	14,625	875
	Production	9,200	2,300
	Marking and general working capital	2,100	900
	<i>Sub-total:</i>	25,925	4,075
Heavy-lift unmanned gyroplane and mini commanding and monitoring unmanned gyroplane	Research and development and trial production	4,400	1,600
	Production	1,050	2,450
	Marking and general working capital	300	200
	<i>Sub-total:</i>	5,750	4,250
Underwater surveillance equipment	Research, development and trial production	300	-
	Production	500	-
	Marking and general working capital	200	-
	<i>Sub-total:</i>	1,000	-
	<i>Total:</i>	32,675	8,325

LETTER FROM THE BOARD

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

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 expansion and development of 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. As disclosed in the section headed “Effects on the shareholding structure of the Company as a result of the issue of the New Domestic Shares” of this letter, upon completion of the Subscription, the shareholding interests of the existing public Shareholders would be diluted by approximately 1.10%.

Based on the unaudited management accounts of the Company, as at 31 December 2017, the Company had cash and bank balance of approximately RMB15.60 million, of which approximately RMB7.88 million is unutilized proceeds from the issue of 92,000,000 new H Shares completed on 15 December 2016 as detailed in the announcement of the Company dated the same day, which shall be used in accordance with the use of proceeds so disclosed in the announcement of the Company dated 21 August 2016 and the balance of approximately RMB7.72 million is to be used for general working capital of the Group.

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. The Company has approached not less than five banks for bank financing but none of them proceeded further as the Company was not able to offer acceptable securities. 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, having considered that 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, the Company has considered but decided not to issue H Shares. 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 as the Company understands that liquidity is one of the major factors that investors will commonly consider in making investment decisions. The Company hence did not consider pre-emptive issues to be desirable alternatives to the issue of the New Domestic Shares.

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

LETTER FROM THE BOARD

The Directors consider that, taking into account the financial resources available to the Group including internal resources, existing cash and bank balances and the estimated net proceeds of the issue of the New Domestic Shares, in the absence of unforeseen circumstances, the working capital available to the Group is sufficient for its present requirements and for at least the next 12 months from the Latest Practicable Date. As at the Latest Practicable Date, the Company had not yet formulated any concrete plan for further fund raising. Nevertheless, the Directors have explored and shall continue to explore the available financing methods including equity fund raising from time to time to meet the financial requirements of the Group, as and when appropriate, after taking into account the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

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 200 million New Domestic Shares.

LETTER FROM THE BOARD

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.

Shareholders	As at the Latest Practicable Date		Immediately following 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
Domestic Shares				
Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司) ¹	328,363,637	21.45%	328,363,637	18.97%
Gaoxiang Investment	189,844,804	12.40%	254,844,804	14.72%
Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司) ²	100,000,000	6.53%	100,000,000	5.78%
Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司) ³	75,064,706	4.90%	75,064,706	4.34%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) ²	54,077,941	3.53%	54,077,941	3.12%
Mr. Xiao	–	–	65,000,000	3.75%
Non-public holders of Domestic Shares sub-total:	747,351,088	48.81%	877,351,088	50.68%
Ms. Jin Rongfei (金嶸霏女士) ⁴	–	–	50,000,000	2.89%
Mr. Zhang Jiandong (張建東先生) ⁴	–	–	20,000,000	1.16%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司) ⁵	70,000,000	4.57%	70,000,000	4.04%
Domestic Shares held by the other public Shareholders	67,943,030	4.44%	67,943,030	3.93%
Public holders of Domestic Shares sub-total:	137,943,030	9.01%	207,943,030	12.02%
Domestic Shares sub-total:	885,294,118	57.82%	1,085,294,118	62.70%

LETTER FROM THE BOARD

Shareholders	As at the Latest Practicable Date		Immediately following 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
H Shares				
Ms. Zhou Jin ⁶	83,224,000	5.44%	83,224,000	4.81%
Mr. Chen	9,500,000	0.62%	9,500,000	0.55%
Mr. Xiao	10,000,000	0.65%	10,000,000	0.58%
Non-public holders of H Shares sub-total:	102,724,000	6.71%	102,724,000	5.94%
Ms. Jin Rongfei (金嶸霏女士) ⁴	2,499,200	0.16%	2,499,200	0.14%
Mr. Zhang Jiandong (張建東先生) ⁴	5,773,000	0.38%	5,773,000	0.33%
H Shares held by the other public Shareholders	534,768,506	34.93%	534,768,506	30.89%
Public holders of H Shares sub-total:	543,040,706	35.47%	543,040,706	31.36%
H Shares sub-total:	645,764,706	42.18%	645,764,706	37.30%
Total:	1,531,058,824	100%	1,731,058,824	100%

Notes:

- Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司) is beneficially owned as to 60% by Mr. Xiao and 40% by his mother Ms. Yao Wenli (姚文俐女士).
- A promoter of the Company and hence a connected person of the Company under the GEM Listing Rules.
- Shenzhen Huitai Investment Development Co., Ltd.* (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. Mr. Zuo Hong is a non-executive director of the Company. Accordingly, Shenzhen Huitai Investment Development Co., Ltd.* shall not be regarded as public shareholder of the Company under Rule 11.23 of the GEM Listing Rules.
- As each of Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生) has confirmed that as at the Latest Practicable Date, (a) he/she was not a promoter, director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or a close associate of any of them; (b) his/her acquisition of Domestic Shares had not been financed directly or indirectly by a person referred to in (a) above; and (c) he/she was not accustomed to taking instructions from a person referred to in (a) above in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his/her name or otherwise held by him/her, both of them shall be regarded as public shareholders of the Company under Rule 11.23 of the GEM Listing Rules.

LETTER FROM THE BOARD

5. Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司) is beneficially owned as to 50% by Mr. Wang Yun (王贇先生), a secretary of the Board. As each of Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司) and Mr. Wang Yun (王贇先生) has confirmed that as at the Latest Practicable Date, (a) it/he was not a promoter, director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or a close associate of any of them; (b) its/his acquisition of Domestic Shares (if any) had not been financed directly or indirectly by a person referred to in (a) above; and (c) it/he was not accustomed to taking instructions from a person referred to in (a) above in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its/his name or otherwise held by it/him, both of them shall be regarded as public shareholders of the Company under Rule 11.23 of the GEM Listing Rules.
6. Ms. Zhou Jin is a director of Xaht Antenna Technologies (Hongkong) Limited (海天天綫(香港)有限公司), a wholly-owned subsidiary of the Group.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the past twelve months.

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, underwater and underground surveillance, imaging, mechanical equipment, and complicated environment warning and surveillance equipment, and agricultural and forestry unmanned aerial vehicles, and provision of consultancy services.

INFORMATION ON THE SUBSCRIBERS

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 in equal share.

Mr. Xiao is an executive Director.

Ms. Jin Rongfei (金嶸霏女士), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party. Ms. Jin Rongfei (金嶸霏女士) has confirmed that other than her interest in the Shares of the Company as disclosed in the section headed "Effect on the shareholding structure of the Company as a result of the New Domestic Shares", she had no business, financial and family relationship with the Company and its connected person as at the Latest Practicable Date.

Mr. Zhang Jiandong (張建東先生), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party. Mr. Zhang Jiandong (張建東先生) has confirmed that other than his interest in the Shares of the Company as disclosed in the section headed "Effect on the shareholding structure of the Company as a result of the New Domestic Shares", he had no business, financial and family relationship with the Company and its connected person as at the Latest Practicable Date.

LETTER FROM THE BOARD

Based on information provided each of Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生), their biographical details are as follows:

Ms. Jin Rongfei (金嶸霏女士), aged 28, was graduated from Shanghai Business School (上海商學院) in 2010 with a major in business English. From February 2013 to May 2015, she served as business manager of Shanghai branch of Yuexiu Consultancy (Shenzhen) Company Limited* (越秀諮詢(深圳)有限公司), which is principally engaged in the provision of securities and futures entrustment, agency and consultancy services. Since June 2015, Ms. Jin has been engaged in private investments including investment in A shares and H shares.

Mr. Zhang Jiandong (張建東先生), aged 45, was graduated from Nanjing University with a major in business management. As at the Latest Practicable Date, Mr. Zhang served as partner and manager of marketing department of China Partnership Consultancy Company Limited* (中國合夥人諮詢有限公司), which is principally engaged in the provision of business consultancy service.

Ms. Jin Rongfei (金嶸霏女士) and Mr. Zhang Jiandong (張建東先生) are business contacts of and introduced to the Company by Mr. Chen.

IMPLICATIONS UNDER THE GEM LISTING RULES

Gaoxiang Investment is an associate of Mr. Chen and hence a connected person of the Company under the GEM Listing Rules.

Mr. Xiao, being an executive Director, is 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.

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

Gaoxiang Investment, Mr. Xiao, Ms. Jin Rongfei (金嶸霏女士), Mr. Zhang Jiandong (張建東先生) and their respective associates are regarded as having a material interest different from the other Shareholders in the issue of the New Domestic Shares. Gaoxiang Investment, Mr. Xiao, Ms. Jin Rongfei (金嶸霏女士), Mr. Zhang Jiandong (張建東先生) and their respective associates, in aggregate owned 518,208,441 Domestic Shares and 27,772,200 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.

LETTER FROM THE BOARD

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.

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 the Subscription Agreements and the transactions contemplated thereunder.

Notices convening the H Shareholders Class Meeting, the Domestic Shareholders Class Meeting and the EGM to be held on 19 March 2018 at Conference Room, Level 3, No. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China are set out on pages HCM-1 to HCM-5, DCM-1 to DCM-5 and EGM-1 to EGM-5 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. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China (Post Code: 710119) (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 27 February 2018, 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 16 February 2018 to 19 March 2018 (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 15 February 2018 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. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi’an, Shaanxi Province, the People’s Republic of China (Post Code: 710119) (for holders of Domestic

LETTER FROM THE BOARD

Shares), or the Company's registrar of H Share, Computershare Hong Kong Investor Services Limited at Hopewell Centre, Shops 1712-1716, 17/F, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), no later than 4:30 p.m. on 15 February 2018.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this circular and the letter from the Independent Financial Adviser set out on 22 to 38 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 Haitiantian Holdings Co., Ltd.*
Chen Ji
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.



西安海天天實業股份有限公司 XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

*(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings Co., Ltd. *))
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8227)*

2 February 2018

To the Shareholders

Dear Sir or Madam,

ISSUE OF NEW DOMESTIC SHARES PURSUANT TO THE SUBSCRIPTION AGREEMENTS

We refer to the circular dated 2 February 2018 (the “Circular”) of Xi'an Haitiantian Holdings Co., Ltd.* (西安海天天實業股份有限公司), 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.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 19 of the Circular, and the letter from the Independent Financial Adviser, as set out on pages 22 to 38 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.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 Haitiantian Holdings Co., Ltd.*

Mr. Zhang Jun

Professor Shi Ping Mr. Tu Jijun

Dr. Lam Lee G.

Independent non-executive Directors

LETTER FROM DONVEX CAPITAL

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

2 February 2018

*The Independent Board Committee and the Independent Shareholders of
Xi'an Haitiantian Holdings Co., Ltd.*

Dear Sir/Madam,

CONNECTED TRANSACTIONS CONDITIONAL SUBSCRIPTION OF NEW DOMESTIC SHARES BY THE SUBSCRIBERS BEING A CONNECTED PERSON

INTRODUCTION

We refer to our engagement 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, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 2 February 2018 to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

Reference is made to the announcement dated 10 October 2017, the Company and the Subscribers entered into the Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 200,000,000 New Domestic Shares at an aggregate cash consideration of RMB42,000,000 (being RMB0.21 per New Domestic Share). The New Domestic Shares represent (i) approximately 22.59% of the total issued Domestic Shares as at the Last Trading Day; (ii) approximately 13.06% of the total issued share capital of the Company as at the Last Trading Day; (iii) approximately 18.43% of the total issued Domestic Shares as enlarged by the issue of the New Domestic Shares; and (iv) approximately 11.55% of the total issued share capital of the Company as enlarged by the issue of the New Domestic Shares.

As at the Latest Practicable Date, the Subscriber, Mr. Xiao, is an executive Director of the Company and therefore a connected person of the Company. The Subscriber, Gaoxiang Investment, is beneficially owned in equal share by the spouse and mother-in-law of Mr. Chen, the Chairman of the Board and an executive Director, and therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to the approval of the Independent Shareholders at the Class Meetings and the EGM. Save for the

LETTER FROM DONVEX CAPITAL

Connected Subscription Agreements, the other Subscription Agreements do not constitute connected transactions of the Company because none of the subscribers of other Subscription Agreements and their ultimate beneficial owners is a connected person of the Company.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Zhang Jun, Professor Shi Ping, Mr. Tu Jijun, and Dr. Lam Lee G., has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Subscription by the Connected Subscribers is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Subscription and the transactions contemplated thereunder at the Class Meetings and EGM. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, Donvex Capital Limited has not acted as an independent financial adviser to the then Independent Board Committee and Independent Shareholders of the Company for any transaction.

We are independent from and not connected with the Group pursuant to Rule 17.96 of the GEM Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the Class Meetings and EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

LETTER FROM DONVEX CAPITAL

We consider that we have reviewed sufficient information to reach an informed view regarding the Subscription, and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Subscription, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background of and reasons for the Subscription by the Connected Subscribers

(1) Information on the Group

The Group develops, manufactures, and sells antennas, unmanned aerial products, and underwater surveillance equipment in the PRC. In addition, the Group is also engaged in the sales of construction related products. The Group has established processing centers in Xi'an to provide full range processing services on antennas, underwater surveillance equipment, and related products.

The table below sets forth a summary of the consolidated financial information of the Group for the six months ended 30 June 2017 (the “**2017 Interim Report**”) and the two years ended 31 December 2015 and 2016 (the “**2016 Annual Report**”) as extracted from the Company’s 2017 Interim Report and 2016 Annual Report respectively:

	For the six months ended 30 June 2017 RMB'000 (Unaudited)	For the year ended 31 December 2016 RMB'000 (Audited)	For the year ended 31 December 2015 RMB'000 (Audited)
Revenue	25,969	36,243	23,338
Loss for the period/year	(7,974)	(37,656)	(21,936)

LETTER FROM DONVEX CAPITAL

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)	As at 31 December 2015 RMB'000 (Audited)
Cash and cash equivalents	22,427	36,269	30,977
Net assets	76,460	84,434	73,436

According to the 2016 Annual Report, the revenue of the Group increased from RMB23.3 million for the year ended 31 December 2015 to RMB36.2 million for the year ended 31 December 2016, mainly due to the growth of the sales of construction related products. The loss of the Group increased from RMB21.9 million for the year ended 31 December 2015 to RMB37.7 million for the year ended 31 December 2016, mainly attributable to the decrease in the gross profit and increase in the impairment loss of trade receivables for the segments of antenna products and underwater surveillance. The Directors advised us that the trade receivables aforementioned had been overdue for at least one year and, regardless of the demand for payment from the Group, the recoverable amount was still very low. As such, the Group recognized full amount of impairment loss on these trade receivables. With reference to 2017 Interim Report, several legal cases were carried out by the Company against customers for outstanding trading debts as at 30 June 2017.

As at 30 June 2017, the Group recorded net assets and cash and cash equivalents RMB76.5 million and RMB22.4 million respectively. We noted that cash and cash equivalents represented a substantial decrease as at 30 June 2017 as compared to that as at 31 December 2016. The decrease was mainly attributable to the increase in the net cash used in operating activities and the repayment of borrowings.

Of all the cash and cash equivalents as at 30 June 2017, approximately RMB11.5 million will be used as general working capital for the expansion of overseas markets and imports of raw and auxiliary materials, as announced by the Company on 21 August 2016. The remaining cash and cash equivalents amounted to approximately RMB10.9 million will be paid for the working capital of the Group including but not limited to research and development, production, marketing, and general working expenses of business development mentioned under the paragraph headed "Use of proceeds".

With reference to the 2017 Interim Report, the Group recorded revenue of RMB26.0 million and a net loss of RMB8.0 million for the six months ended 30 June 2017, which was mainly attributable to the low profit margin and high general administrative costs.

(2) Information on the Connected Subscribers

Mr. Xiao is an executive Director of the Company. He is interested in nil Domestic Shares and 10,000,000 H Shares, representing approximately 0.65% of total share capital of the Company as at the Latest Practicable Date. Mr. Xiao also holds 60% of the issued share capital of Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司), which is interested in 328,363,637 Domestic Shares and nil H Shares, representing approximately 21.45% of total share capital of the Company as at the Latest Practicable Date.

LETTER FROM DONVEX CAPITAL

Gaoxiang Investment, an enterprise incorporated in the PRC with limited liability, is principally engaged in industrial investment, investment management, and the provision of enterprise management consultation. Gaoxiang Investment is beneficially owned in equal share by the spouse and mother-in-law of Mr. Chen, the Chairman of the Board and an executive Director. It is interested in 189,844,804 Domestic Shares and nil H Shares, representing approximately 12.40% of total share capital of the Company as at the Latest Practicable Date.

(3) *Use of proceeds*

The aggregate gross proceeds from the Subscription will be RMB42.0 million. After deducting relevant expenses incurred in relation to the Subscription, the net proceeds of the Subscription will be approximately RMB41.0 million. The timeline for using the proceeds is summarised as follows:

Segment	Description	Major detailed implementation plans	Allocation of net proceeds from the Subscription	
			Within one year immediately after the date of issuance RMB'000	More than one year immediately after the date of issuance RMB'000
Antenna	Research and development	Execution of functional testing	14,625	875
	Manufacture	Purchase of raw materials and processing costs of the products	9,200	2,300
	Marketing and general working capital	Participation in major promotional events held by the relevant industry organizations	2,100	900
		Subtotal	25,925	4,075
Unmanned aerial products	Research and development	Debugging and execution of flight tests and functional testing of different systems needed in the gyroplane	4,400	1,600
	Manufacture	Purchase of raw materials and processing costs of the products	1,050	2,450
	Marketing and general working capital	Participation in major promotional events held by the relevant industry organizations	300	200
		Subtotal	5,750	4,250
Underwater surveillance equipment	Research and development	Optimization on the equipment	300	-
	Manufacture	Purchase of raw materials and processing costs of the products	500	-
	Marketing and general working capital	Participation in major promotional events held by the relevant industry organizations	200	-
		Subtotal	1,000	-
		Total	32,675	8,325

LETTER FROM DONVEX CAPITAL

We note that the Company prepared capital budgets in accordance with the business plans and the estimation on funding requirements of different segments. Considering the expenses on the research and development activities, the manufacturing costs, and the marketing expenses in three respective segments, the Company allocated the budgets of RMB30.0 million, RMB10.0 million, and RMB1.0 million to segments of antennas, unmanned aerial products, and underwater surveillance equipment respectively.

(4) Business plan of the Group

Antenna

The civil antennas businesses contributed revenue of approximately RMB1.0 million for the six months ended 30 June 2017, representing a decrease of 15.6% from the corresponding period in year 2016.

Due to the increasing demand in the stability of network operations, the Company is gradually switching from the civil antennas businesses to WIFI hot coverage and 5G antennas businesses, concentrating on high-end wireless products.

With the sufficient investment in the research and development activities in previous years, the Company has now been developing new antennas which are more energy-saving and can increase the capacity and speed for wireless communication in practical use. While some of the products have been substantially finalized and will be gradually put into market after pilot launch, the other new antennas are still under functional testing. It is expected that costs on the functional testing to be incurred would be approximately RMB15.5 million immediately after the Latest Practicable Date. The Company will promote the new products to the target markets such as the corporations in aviation industry and fire services industry, which would incur marketing expense of approximately RMB3.0 million immediately after the Latest Practicable Date.

Unmanned aerial products

Products under unmanned aerial products are currently divided into large-loaded UAV and multi-axis rotor UAV.

For multi-axis rotor UAV, the Company has already completed research and development of industrial UAV and promoted the products since December 2016, and the Company is still a major supplier of such products to the major cities in Shaanxi Province by far. For the six months ended 30 June 2017, the multi-axis rotor UAV contributed revenue of approximately RMB0.8 million.

For large-loaded UAV, despite that there was no revenue for the six months ended 30 June 2017, the Company has completed the establishment of aircraft flight control system and will perform flight tests and functional testing. According to the timeline for using the proceeds mentioned under the paragraph headed "Use of proceeds", it is expected that the costs on the debugging of the system and the execution of tests to be incurred would be RMB6.0

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million immediately after the Latest Practicable Date. The Company estimated that the large-loaded UAV would pass the flight tests and functional testing in year 2018, and the products would be launched worldwide via the Company's subsidiary in Hong Kong thereafter, generating marketing expenses of approximately RMB0.5 million immediately after the Latest Practicable Date.

Underwater surveillance equipment

In the coming years, the Company will focus on the research and development of the new underwater camera equipment, camera platform equipment, information accessing equipment, waterproof technical equipment, and other products. The Company is now optimizing the models, and the estimated costs of optimization would be approximately RMB0.3 million immediately after the Latest Practicable Date. After the optimization, the Company would promote the products to scientific institutions, and would generate marketing expenses of approximately RMB0.2 million immediately after the Latest Practicable Date.

(5) *Financial alternatives available to the Group*

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Debt Financing

The Directors have considered financing alternatives such as debt financing. The Directors advised us that the debt financing may not be feasible for the Group for the following reasons:

- (i) debt financing may further incur financial costs and increase the interest burden for the Group;
- (ii) the Group concentrated on the research and development activities of high-end wireless products, UAV, underwater surveillance equipment, and the relevant products will be launched into the market in June 2018 at the earliest. The Group may be unfeasible to obtain any bank borrowings due to the consistent loss position of the Group; and
- (iii) the Group's financial risk would increase due to the increase in the leverage of the Group and the consistent loss-making performance.

Rights issue and open offer

We note that rights issue and open offer will give an opportunity to all Shareholders to participate in the subscription of new Shares to be issued by the Company. However, the Directors advised us that it is not feasible for the Company to carry out the rights issue and open offer for the following reasons:

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- (i) the trading volume of the Shares is thin. The table below sets out (a) the average daily trading volume of the Shares; and (b) the percentage of the average daily trading volume of the Shares to total number of issued Shares as at the end of the month/period:

Month	Total trading volume of shares	Number of trading days	Average daily trading volume of the Shares	Percentage of average daily trading volume to total number of issued Shares as at the end of the month/period
2016				
October (Since 11 October)	416,296,000	14	29,735,429	5.37%
November	223,640,000	22	10,165,455	1.84%
December	17,634,065	20	881,703	0.14%
2017				
January	9,306,000	19	489,789	0.08%
February	49,026,000	20	2,451,300	0.38%
March	15,011,000	23	652,652	0.10%
April	27,588,100	17	1,622,829	0.25%
May	98,620,000	20	4,931,000	0.76%
June	122,444,000	22	5,565,636	0.86%
July	62,204,000	21	2,962,095	0.46%
August	36,984,000	22	1,681,091	0.26%
September	192,740,188	21	9,178,104	1.42%
October (Up to the Latest Trading Date)	33,016,300	5	6,603,260	1.02%

Source: the website of the Hong Kong Stock Exchange

The Directors consider that the Review Period from October 2016 to October 2017 (up to and including the Last Trading Day) is reasonable and meaningful so as to show the trading liquidity of the Shares. As illustrated in the table above, the average daily trading volume of the Shares during the Review Period was thin. Save for October 2016, the volume of Shares traded during the entire Review Period was below 2.00% of the total number of issued Shares as at the end of the month/period. It means the trading of the Shares is not considered as active.

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- (ii) due to the existing loss position of the Company, the Company encountered difficulties in finding an independent underwriter in Hong Kong which is interested in fully underwriting rights issue and open offer of the Company for raising the proposed amount of funds. Additionally, it would incur additional costs in underwriting commissions.
- (iii) the rights issue and open offer involves a relatively longer time for completion. The Directors planned to pay approximately RMB32.7 million, or 77.86% of the aggregate gross proceeds, for the working capital of the Group including but not limited to research and development, production, marketing, and general working expenses of the products mentioned under the paragraph headed “Use of proceeds” in 2018. Due to (a) the insufficient cash and cash equivalents of the Group as at 30 June 2017 for the working capital; (b) the consistent loss position of the Company; and (c) longer time to complete the rights issue and open offer, the Directors are of the view that the rights issue and open offer may lead to the failure to finance the business development or future payment commitment in a timely manner.
- (iv) issue of new H Shares requires the approval of China Securities Regulatory Commission and the timing of its approval is uncertain. The uncertainty may consequently affect the Company’s strategy implementation on a timely basis. On the other hand, the issue of New Domestic Shares requires the approval of the Department of Commerce of Shaanxi Province, which will take less than 30 days in general.

Placement

Regarding the viability of placement of new Shares in Hong Kong to independent investors, the Director advised us that, since the Group continued to record loss for two years after having several equity fund raising activities carried out in the last two years immediately prior to the Latest Practicable Date, the independent investors may find the placement of new Shares less attractive. In addition, in consideration of the thin trading volume of the Shares during last twelve months, the Directors consider that it may be difficult to seek Independent Third Parties to subscribe new shares with acceptable placing fee and on fully underwritten basis.

Taking into account the above, in particular, (i) the difficulties for the Company to secure loan facility from financial institutions at favorable financing terms given its consistent loss-making performance; (ii) the difficulties for the Company to procure underwriter(s) for the pre-emptive issues, or even if such an independent underwriter was identified, the rights issue and open offer would possibly incur additional underwriting commission and take longer time to complete; and (iii) uncertain timing on the issue of new H Shares, we concur with the Director’s view that the Subscription is more appropriate as compared to other alternative fund raising methods as stated above for the Group.

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(6) Reasons for and benefits of the Subscription by the Connected Subscribers

The Company is a PRC based company and has been listed on the Hong Kong Stock Exchange since October 2003. The Group develops, manufactures, and sells antennas, unmanned aerial products, and underwater surveillance equipment. The Group has established processing centers in Xi'an to provide full range processing services on antennas, underwater surveillance equipment, and related products.

As advised by the Directors, the Company will continue to require funds to invest in the research and development activities of antennas, unmanned aerial products, and underwater surveillance equipment. With reference to our discussion with the management of the Company and the information in respect of the use of proceeds, we note that the Company is gradually switching from the civil antennas businesses to WIFI antennas and 5G antennas businesses, concentrating on high-end wireless products to cope with the increasing demand in the stability of network operations. We also note that the large-loaded UAV is still under the research and development stage and has not been launched into the market. Having considered other fund raising alternatives mentioned under the paragraph headed "Financial alternatives available to the Group", the Directors advised us that the Subscription could help to fulfill the on-going capital expenditure needs of the Company to capture potential business opportunities and thus further expand the Company's business.

In addition, we are of the view that the Subscription will provide an incentive to maintain ongoing relationships with the Connected Subscribers, as Mr. Xiao and Mr. Chen, the executive Directors of the Company and the key support for the business expansion of the Company, will continue to contribute significant business experience to the Company. Another benefit from the Subscription is that Mr. Xiao and Mr. Chen continue to provide their financial support to the Company when the Company is currently facing financial difficulties. We consider that the Subscription will be beneficial to the long-term growth and development of the Group.

Having considered that (i) the majority of the proceeds from the Subscription will be utilised for funding the development and operating costs of new models mentioned under the paragraph headed "Use of proceeds" above; (ii) the Subscription will enable the Group to capture potential business opportunities and thus further expand the Company's business; and (iii) the Subscription is the most appropriate fund raising method currently available to the Group as explained under the paragraph headed "Financial alternatives available to the Group" above, we are of the view that the reasons for the Subscription by the Connected Subscribers are justifiable and fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Subscription Agreements

The table below summarises the major terms of the Subscription Agreements:

Date:	10 October 2017
Parties:	(i) The Company as the issuer; and

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- (ii) The respective Subscribers

Subscription Shares: Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 200,000,000 New Domestic Shares, representing:

- (i) approximately 22.59% of the total issued Domestic Shares as at the Last Trading Day;
- (ii) approximately 13.06% of the total issued share capital of the Company as at the Last Trading Day;
- (iii) approximately 18.43% of the total issued Domestic Shares as enlarged by the issue of the New Domestic Shares; and
- (iv) approximately 11.55% of the total issued share capital of the Company as enlarged by the issue of the New Domestic Shares.

Subscription Price: RMB0.21 per New Domestic Share

3. Evaluation of the Subscription Price

The Subscription Price of RMB0.21 (equivalent to approximately HK\$0.248) per New Domestic Share represents:

- (i) a discount of approximately 96.09% to the closing price of HK\$6.350 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 96.65% to the closing price of HK\$7.400 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 96.44% to the average closing price of HK\$6.966 per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 96.22% to the average closing price of HK\$6.563 per H Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 336.87% over the unaudited net asset value of approximately RMB0.04807 per Share as at 30 June 2017 (based on the unaudited consolidated net assets attributable to owners of the Company of approximately RMB73.6 million as at 30 June 2017 and 1,531,058,824 Shares in issue as at 30 June 2017).

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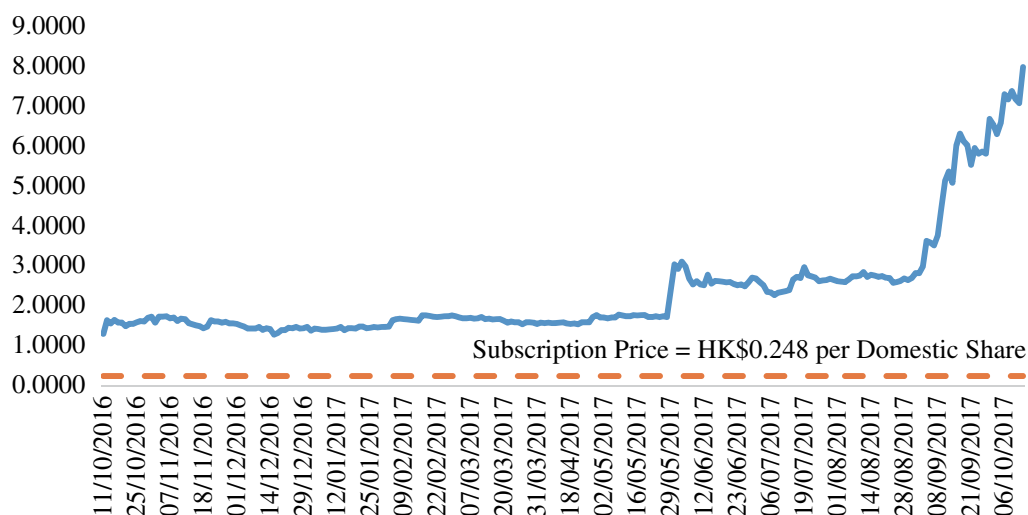
As advised by the Directors, the Subscription Price was determined with reference to the net assets value of the Company as at 30 June 2017 of RMB0.04807 per Share, the financial performance, and the non-listing status of the Domestic Shares. The Domestic Shares are not listed and hence the fair value is not available. Having considered the premium over the net assets value of the Company, the benefits of the issue of Domestic Shares, and the available alternatives for the fund raising, the Directors are of the view that the Subscription Price is fair and reasonable.

To further assess the fairness and reasonableness of the Subscription Price, we set out the following analysis for illustrative purposes:

(1) Review of H Share price

The chart below demonstrates the daily closing price of the Shares as quoted on the Hong Kong Stock Exchange during the period commencing from 11 October 2016 up to and including the Last Trading Day (the “**Review Period**”), being approximately one year period prior to and including the Last Trading Day.

Historical daily closing price per H Share



Source: the website of the Hong Kong Stock Exchange

As shown by the above table, during the period from 11 October 2016 to 26 May 2017, the closing price of the Shares fluctuated in a range of between HK\$1.290 and HK\$1.790. Since 29 May 2017, the closing prices of the Shares were on an upward trend and reached HK\$7.400 per Share on the Last Trading Day. The reason for the upward trend of the closing price of the Shares was unknown to us since:

- (i) the Directors were not aware of any reasons leading to the fluctuation of the Share prices during the period from 29 May 2017 to the Last Trading Day;

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- (ii) we have reviewed all the announcements disclosed between 29 May 2017 and the Last Trading Day, and we were not aware of any information which led to abrupt rises of the share prices during the aforementioned period; and
- (iii) the changes in closing prices were not supported by the financial performance of the Group in view that the Group continued to record losses during the Review Period.

However, given that the Domestic Shares are not listed and tradable on the Hong Kong Stock Exchange, setting the Subscription Price at a deep discount to the market price of the H Shares could encourage more interests for the Subscribers to participate in the Subscription. As such, we are of the view that it is fair and reasonable to set the Subscription Price of RMB0.21 per Share.

(2) *Market comparison with other share subscription exercises*

As part of our analysis to assess the fairness and reasonableness of the terms of the Subscription, we have identified an exhaustive list of 6 transactions (the “**Market Comparables**”) based on the following criteria: (i) subscription of new domestic shares by companies listed on the Hong Kong Stock Exchange during the twelve-month period from 11 October 2016 up to the date of the Subscription Agreements and had proceeded to completion on or before the date of the Subscription Agreements; and (ii) share subscription transactions by connected person(s).

We consider that a review period of twelve months prior and up to the date of the Subscription Agreements is appropriate to capture the recent market practice given that such period is sufficiently recent to demonstrate the prevailing market practices prior to and including the Last Trading Day. Despite the differences of the business nature, market capitalization, financial performance, financial positions, and use of proceeds between the Company and the Market Comparables, the Market Comparables could provide a general reference for the recent common market practice of listed companies in the subscription of new domestic shares. As such, we are of the view that such exhaustive list of Market Comparables is a sufficient and representative sample to be taken as a general reference of the recent market practices in relation to subscription of New Domestic Shares. Summarised below is our relevant findings:

Date of announcement	Company name	Stock code	Principal activities	Market Capitalization as at the announcement date <i>HK\$ million</i>	Premium/(Discount) of the subscription price over/to the net asset value attributable to owners of the company as at the date of announcement		Premium/(Discount) of the subscription price over/to the closing price per H share as at the date of announcement	
					<i>RMB</i>	<i>%</i>	<i>HK\$</i>	<i>%</i>
15 May 2017	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	1543	Provision of guarantee and other related services and entrusted loans for small-to-medium enterprises and individual business proprietors	1,515	(0.0900)	(6.65)	0.0108	0.76

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Date of announcement	Company name	Stock code	Principal activities	Market Capitalization as at the announcement date <i>HK\$ million</i>	Premium/(Discount) of the subscription price over/to the net asset value attributable to owners of the company as at the date of announcement			Premium/(Discount) of the subscription price over/to the closing price per H share as at the date of announcement	
					<i>RMB</i>	%	<i>HK\$</i>	%	
2 June 2017	Biosino Bio-Technology And Science Incorporation	8247	Manufacture, sales and distribution of in-vitro diagnostic reagent products	407	0.3148	14.74	(0.0058)	(0.21)	
20 March 2017	Launch Tech Company Limited	2488	Provision of products and services serving the automotive aftermarket and the automobile industry	4,016	5.9600	270.91	(3.0191)	(24.75)	
30 December 2016	HNA Infrastructure Company Limited	357	Management and operation of aeronautical and non-aeronautical businesses	3,644	0.0221	0.28	1.2435	16.15	
16 December 2016	Yichang HEC Changjiang Pharmaceutical Co., Ltd.	1558	Development, manufacturing and sale of pharmaceutical products in the therapeutic areas of anti-virus, endocrine and metabolic diseases as well as cardiovascular diseases	6,357	11.0355	217.04	3.8951	27.62	
27 October 2016	Shanghai Dasheng Agriculture Finance Technology Co., Ltd.	1103	Agricultural and petrochemical products supply chain services, road and bridge construction business and agricultural finance business	5,343	(0.0002)	(0.04)	(0.0464)	(6.63)	
Maximum					11.0355	270.91	3.8951	27.62	
Minimum					(0.0900)	(6.65)	(3.0191)	(24.75)	
Average					2.8735	82.68	0.3464	2.16	
The Company					0.1600	336.87	(7.1520)	(96.65)	

As shown by the table above, the subscription prices of the Market Comparables ranged from:

- (i) a discount of approximately 6.65% to a premium of approximately 270.91% to/over the respective net asset value attributable to owners of the company as at the date of announcement per share (the “NAV per share”), with an average of a premium of approximately 82.68%; and
- (ii) a discount of approximately 24.75% to a premium of approximately 27.62% to/over the respective closing price per H share price as at the date of announcement, with an average of a premium of approximately 2.16%.

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Despite that the Company's discount of the Subscription Price to the closing price per H share as at the date of announcement is far below the range of the premium/discount of the Market Comparables, the Subscription Price is considered fair and reasonable after taking into account the following:

- (i) the Domestic Shares are not listed and there is no publicly available trading price. Hence, it is unnecessary to evaluate the discount of the Subscription Price to the closing price per H Share as at the date of the announcement; and
- (ii) as the Company cannot raise funds through other alternatives stated under the section "Financial alternatives available to the Group", it can only raise funds for research and development, manufacture, and marketing and general working capital by issuing new Domestic Shares. It is reasonable to set the Subscription Price at a deep discount to the H Share price in order to attract Subscribers to raise funding to capture such opportunity.

Taking into account (i) the use of proceeds; (ii) the fund raising alternatives; (iii) the liquidity of the Domestic Shares; and (iv) the fairness and reasonableness of the Subscription Price, we are of the view that the terms of the Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

(3) *Alternative methods to evaluate the Subscription Price*

Alternative methods have not been used to evaluate the fairness and reasonableness of the Subscription Price for the following reasons:

- (i) as the Domestic Shares are merely subscribed by the respective Subscribers, the Subscription Price could be arrived at after arm's length negotiations between the Company and the Subscribers;
- (ii) we concurred with the Directors' view that a subscription price at a level of premium to the net asset value of the Company as at 30 June 2017 was considered to be a key factor of the Company in determining the Subscription Price; and
- (iii) we noted that the Subscription Price represented a premium over the unaudited net asset value as at 30 June 2017 per Share, as depicted in the section headed "Evaluation of the Subscription Price".

Based on the foregoing, we are of the view that it is unnecessary to use alternative methods to evaluate the fairness and reasonableness of the Subscription Price.

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4. Dilution effect on the shareholding interests of the existing public Shareholders

As depicted by the table under the section headed “Effects on the Shareholding Structure of the Company as a result of the issue of the New Domestic Shares” of the Letter from the Board, upon completion of the Subscription (including the Subscription by the Connected Subscribers), the shareholding interests of the existing public Shareholders would be diluted by approximately 1.10%. Nonetheless, in view of (i) the reasons for the Subscription by the Connected Subscribers and the possible benefits to be brought into the Company, details of which are set out under the section headed “Reasons for and benefits of the Subscription by the Connected Subscribers” of this letter; and (ii) the terms of the Subscription Agreements being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

5. Financial effects of the Subscription

Working capital

With reference to the 2017 Interim Report, the unaudited consolidated current assets and consolidated current liabilities of the Group were approximately RMB69.9 million and RMB23.4 million respectively as at 30 June 2017, resulting in a current ratio (defined as current assets divided by current liabilities) of approximately 2.99 times.

Given that the Subscription will provide the net working capital of approximately RMB41.0 million to the Group upon completion, it is expected that both the cash position and the net current assets position of the Group will be enhanced immediately upon completion.

Gearing ratio

The gearing ratio of the Group is measured as bank borrowings over the total assets of the Group. As advised by the Directors, it is expected that, upon the issue of the new shares under the Subscription, the Group’s total assets will increase by the amount of the net proceeds received thereunder, while the Group’s liabilities will not be affected. Accordingly, it is expected that the gearing ratio of the Group would be improved immediately upon the issue of the New Domestic Shares under the Subscription.

In view of above, we consider that the Subscription is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreements are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the connected transaction is on normal commercial terms and in the ordinary and usual course of business of the Company; and (iii) the Subscription by the Connected Subscribers is in the interests of the Company and the Shareholders as a whole.

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Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the Class Meeting and the EGM to approve the Subscription by the Connected Subscribers and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
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) ¹	Held by controlled corporation	393,363,637	36.24%	22.72%
Mr. Chen Ji (陳繼先生) ²	Interest of spouse	254,844,804	23.48%	14.72%
Mr. Zuo Hong (左宏先生) ³	Held by controlled corporation	75,064,706	6.92%	4.34%

Interest in H Shares (long positions):

Name of Director	Capacity	Number of H Shares	Approximate % in the total issued H Shares	Approximate % in the total issued Shares as enlarged by the issue of the New Domestic Shares
Mr. Chen Ji (陳繼先生)	Beneficial owner	9,500,000	1.47%	0.55%
Mr. Xiao Bing (肖兵先生)	Beneficial owner	10,000,000	1.55%	0.58%

Notes:

- These 393,363,637 Domestic Shares, comprised of (i) 328,363,637 Domestic Shares held by Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司) (“**Tian An Investment**”); and (ii) 65,000,000 New Domestic Shares to be allotted and issued pursuant to the Xiao Subscription Agreement. Tian An Investment is beneficially owned as to 60% by Mr. Xiao and 40% by Ms. Yao Wenli. By virtue of the SFO, Mr. Xiao was deemed to be interested in the 393,363,637 Domestic Shares held by Tian An Investment.
- These 254,844,804 Domestic Shares comprised of (i) 189,844,804 Domestic Shares held by Gaoxiang Investment; and (ii) 65,000,000 New Domestic Shares to be allotted and issued pursuant to the Gaoxiang Investment Subscription Agreement. Gaoxiang Investment is beneficially owned by the spouse and mother-in-law of Mr. Chen. By virtue of the SFO, Mr. Chen is deemed to be interested in the same 254,844,804 Domestic Shares.
- These 75,064,706 Domestic Shares are held by Shenzhen Huitai Investment Development Co., Ltd* (深圳市匯泰投資發展有限公司) (“**Shenzhen Huitai**”), which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, Mr. Zuo Hong is deemed to be interested in the same 75,064,706 Domestic Shares.

(b) Directors' interests in assets and contracts

As at the Latest Practicable Date, save that (i) Mr. Xiao was interested in the Xiao Subscription Agreement; and (ii) Mr. Chen 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 2016, 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 as enlarged by the issue of the New Domestic Shares	Approximately % in the total issued Shares	Approximately % in the total issued Shares as enlarged by the issue of the New Domestic Shares
Tian An Investment ¹	Beneficial owner	328,363,637	37.09%	30.26%	21.45%	18.97%
Professor Xiao Liangyong (肖良勇教授) ¹	Parties acting in concert	328,363,637	37.09%	30.26%	21.45%	18.97%
Ms. Yao Wenli (姚文俐女士) ¹	Interest of controlled corporation	328,363,637	37.09%	30.26%	21.45%	18.97%
Gaoxiang Investment ²	Beneficial owner	254,844,804	28.79%	23.48%	16.65%	14.72%
Ms. Sun Xiangjun (孫湘君女士) ²	Interest of controlled corporation	254,844,804	28.79%	23.48%	16.65%	14.72%
Ms. Gao Xuejuan (高雪娟女士) ²	Interest of controlled corporation	254,844,804	28.79%	23.48%	16.65%	14.72%

APPENDIX I
GENERAL INFORMATION

Name of Shareholder	Capacity	Number of Domestic Shares	Approximately % in the total issued Domestic Shares	Approximately % in the total issued Domestic Shares as enlarged by the New Domestic Shares	Approximately % in the total issued Shares	Approximately % in the total issued Shares as enlarged by the New Domestic Shares
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	11.29%	9.21%	6.53%	5.78%
Shenzhen Huitai ³	Beneficial owner	75,064,706	8.48%	6.92%	4.90%	4.34%
Ms. Yi Li (易麗女士) ³	Interest of controlled corporation	75,064,706	8.48%	6.92%	4.90%	4.34%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限公司) ⁴	Beneficial owner	70,000,000	7.91%	6.45%	4.57%	4.04%
Mr. Wang Yun (王贊先生) ⁴	Interest of controlled corporation	70,000,000	7.91%	6.45%	4.57%	4.04%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) ⁵	Beneficial owner	54,077,941	6.11%	4.98%	3.53%	3.12%
Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司) ⁵	Interest of controlled corporation	54,077,941	6.11%	4.98%	3.53%	3.12%

Notes:

1. Tian An Investment is beneficially owned as to 60% by Mr. Xiao and 40% by Ms. Yao Wenli. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao. 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.
2. These 254,844,804 Domestic Shares comprised of (i) 189,844,804 Domestic Shares; and (ii) 65,000,000 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 (高雪娟女士) in equal share. By virtue of the SFO, each of Ms. Sun Xiangjun (孫湘君女士) and Ms. Gao Xuejuan (高雪娟女士) is deemed to be interested in the same 254,844,804 New Domestic Shares.

3. Shenzhen Huitai 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.
4. By virtue of the SFO, Mr. Wang Yun (王贊先生) who owns 50% of the voting right of Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司), is deemed to be interested in the same 70,000,000 Domestic Shares.
5. 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.* (北京京泰投資管理中心) is deemed to be interested in the same 54,077,941 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	Approximate % in the total issued Shares	Approximate % in the total issued Shares as enlarged by the issue of the New Domestic Shares
Huang Li Hou (黃李厚)	Beneficial owner	85,100,000	13.18%	5.56%	4.92%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司) ¹	Beneficial owner	73,552,000	11.39%	4.80%	4.25%
Oceanic Bliss Holdings Limited (海祥控股有限公司) ¹	Beneficial owner and interest in controlled corporation	73,552,000	11.39%	4.80%	4.25%
Zeal Warrior Investments Limited ¹	Interest in controlled corporation	73,552,000	11.39%	4.80%	4.25%
Ms. Chen Wei (陳瑋女士) ¹	Interest in controlled corporation	73,552,000	11.39%	4.80%	4.25%
Ms. Zhou Jin ²	Beneficial owner	83,224,000	12.89%	5.44%	4.81%
Auspicious Zone Investments Limited (彩域投資有限公司) ³	Beneficial owner	51,592,000	7.99%	3.37%	2.98%
Sure Rosy Global Investments Limited (順盛環球投資有限公司) ³	Interest in controlled corporation	51,592,000	7.99%	3.37%	2.98%

Name of shareholder	Capacity	Number of H Shares	Approximate % in the total issued H Shares	Approximate % in the total issued Shares	Approximate % in the total issued Shares as enlarged by the issue of the New Domestic Shares
Mr. Wang Mingyue (王明月先生) ³	Interest in controlled corporation	51,592,000	7.99%	3.37%	2.98%
Clear Renown Global Limited (朗譽環球有限公司) ⁴	Beneficial owner	42,000,000	6.50%	2.74%	2.43%
Creative Eagle Holdings Limited (創鷹控股有限公司) ⁴	Interest in controlled corporation	42,000,000	6.50%	2.74%	2.43%
Huang Wei Wen (黃偉汶) ⁴	Interest in controlled corporation	42,000,000	6.50%	2.74%	2.43%

Notes:

- 73,552,000 H Shares are held by Hongkong Jinsheng Enterprise Co., Limited, which is beneficially owned by Oceanic Bliss Holdings Limited (“**Oceanic Bliss**”), and Oceanic Bliss is beneficially owned by Zeal Warrior Investments Limited (“**Zeal Warrior**”). Ms. Chen Wei (陳瑋女士) is beneficial owner of Zeal Warrior. By virtue of the SFO, each of Oceanic Bliss, Zeal Warrior and Ms. Chen Wei (陳瑋女士) is deemed to be interested in the same 73,552,000 H Shares.
- Ms. Zhou Jin is a director of Xaht Antenna Technologies (Hongkong) Limited (海天天綫(香港)有限公司), a wholly-owned subsidiary of the Group.
- 51,592,000 H Shares are held by Auspicious Zone Investments Limited, which is beneficially owned by Sure Rosy Global Investments Limited (“**Sure Rosy**”). Mr. Wang Mingyue is beneficial owner of Sure Rosy. By virtue of the SFO, each of Sure Rosy and Mr. Wang Mingyue is deemed to be interested in the same 51,592,000 H Shares.
- 42,000,000 H Shares are held by Clear Renown Global Limited, which is beneficially owned by Creative Eagle Holdings Limited (“**Creative Eagle**”). Huang Wei Wen (黃偉汶) is beneficial owner of Creative Eagle. By virtue of the SFO, each of Creative Eagle and Huang Wei Wen (黃偉汶) is deemed to be interested in the same 42,000,000 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 and 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). 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

Except for Dr. Lam Lee G. whose service contract would be terminated on next annual general meeting, each of the Directors has entered into a service contract with the Company for a term valid until 28 June 2019 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. Chen Ji	527,000
Mr. Xiao Bing	365,000
Mr. Sun Wenguo	6,000
Mr. Li Wenqi	6,000
Mr. Zuo Hong	360,000
Ms. Huang Jing	324,000
Mr. Yan Weimin	6,000
Mr. Zhang Jun	12,000
Professor Shi Ping	12,000
Mr. Tu Jijun	12,000
Dr. Lam Lee G.	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 2016

The Directors are not aware of any material adverse change in the financial and trading position of the Company since 31 December 2016, 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:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Donvex Capital 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, Donvex Capital 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 2016 (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. 25 Shuoshi Road, Hi-tech Industrial Development Zone, Xi'an, Shaanxi Province, the People's Republic of China.
- (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 (肖兵先生), aged 51, is a son of Professor Xiao Liangyong, the founder of the Company. Mr. Xiao studied in radio technology under continuous education program of Xidian University* (西安電子科技大學) from 1987 to 1990 and obtained Master of business administration from China Europe International Business School in 2006. 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 personal assistant to chairman of the Board since 1999, and was elected as executive Director of the Company and appointed as general manager of the Company since October 2000. Mr. Xiao Bing was the chairman of the Board from August 2004 to November 2007 and from 31 December 2012 to 28 June 2016, and was elected as a vice chairman of the Board since 29 June 2016.

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

Professor Shi Ping (師萍教授), aged 68, holds a doctoral degree and Chinese Certified Public Accountant qualification. Professor Shi served as a professor and doctoral tutor of School of Economics and Management at Northwestern University* (西北大學) since November 1985. The main social positions of Professor Shi included assessor of National Natural Science Foundation of China* (國家自然科學基金), executive director of Accounting Society of Shaanxi Province* (陝西會計學會), vice president of Shaanxi Cost Accounting Researching Association* (陝西成本研究會), advisor of Xi'an Accounting Society* (西安市會計學會), member of Shaanxi Province Senior Accountant (Including Senior Accountant) Assessment Committee* (陝西省高級會計師(含正高級會計師)評委會), member of Shaanxi Province Senior Auditor Assessment Committee* (陝西省高級審計師評委會), member of Shaanxi Province Senior Economist Assessment Committee* (陝西省高級經濟師評委會), independent director of Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司), and independent director of Guangyuyuan Chinese Medicine Co., Ltd.* (廣譽遠中藥股份有限公司). Professor Shi was an independent Supervisor from 11 October 2002 to 28 June 2013, and was appointed as an independent non-executive Director with effect from 13 April 2015.

Dr. Lam Lee G. (林家禮博士), aged 58, holds bachelor degrees in sciences and mathematics, master degrees in systems science and business administration from the University of Ottawa in Canada, post-graduate diploma in public administration from Carleton University in Canada, post-graduate diploma in English and Hong Kong Law and honour degree in law from Manchester Metropolitan University in the UK, master degree in law from the University of Wolverhampton in the United Kingdom, postgraduate certificate in law from The City University of Hong Kong, certificate in professional accountancy from the School of Continuing and Professional Studies of The Chinese University of Hong Kong, master degree in public administration and doctoral degree in philosophy from The University of Hong Kong.

Dr. Lam is a solicitor of the High Court of Hong Kong (former barrister), an honorary fellow of Australian Institute of Certified Public Accountants, a fellow of Australian Institute of Management Accountants, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), a fellow of the Hong Kong Institute of Directors, a visiting professor of Tsinghua University, and a part-time professor of Department of Management of The Chinese University of Hong Kong, School of Business of Hong Kong Baptist University and Hong Kong Hang Seng Management College.

Dr. Lam is non-executive chairman of Hong Kong and ASEAN region and chief adviser of Asia region to Macquarie Infrastructure and Real Assets (Hong Kong) Limited, chairman of Hong Kong Cyberport Management Limited, member of the Committee on Innovation, Technology and Re-Industrialisation of The Government of the Hong Kong Special Administrative Region, the Hong Kong Council on Smoking and Health, the Council on Professional Conduct in Education (CPC), and the Court of the City University of Hong Kong, vice chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council and chairman of its Task Force on Banking and Finance, chairman of the Permanent Commission on Economic and Financial Issues of World Union of Small and Medium Enterprises (WUSME), board member of Pacific Basin Economic Council (PBEC), member of Sir Murray MacLehose Trust Fund Investment Advisory Committee, honorary advisor to the Hong Kong Business Angel Network (HKBAN), honorary chairman of Asia Pacific of Australian Institute of Management Accountants, chairman of Monte Jade Science and Technology Association of Hong Kong, president of Hong Kong-ASEAN Economic Cooperation Foundation, vice president of the Hong Kong Real Property Federation, special adviser to the Asia Pacific Real Estates Association, board member of the Chinese General Chamber of Commerce of Hong Kong and the Australian Chamber of Commerce in Hong Kong and Macau, founding board member and honorary treasurer of the Hong Kong Vietnam Chamber of Commerce, vice chairman of the Hong Kong Myanmar Chamber of Commerce, founding member of the Hong Kong-Korea Business Council, and member of the Hong Kong-Thailand Business Council.

Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology, consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.

Dr. Lam earlier served as general manager of Hongkong Telecom, vice president and managing partner of Greater China of the international management consulting firm A.T. Kearney, president, chief executive officer and vice chairman of the board of subsidiaries of and senior management of Chia Tai Enterprises International Limited (now known as C.P. Lotus Corporation), vice chairman and chief operating officer of Investment Banking Division of BOC International Holdings Limited, executive director of Singapore Technologies Telemedia Pte. Ltd. (subsidiary of Temasek Holdings Pte. Ltd.), and chairman of Hong Kong/Vietnam/Cambodia/Laos/Myanmar/Thailand region and senior adviser of Asia region of Macquarie Capital.

Dr. Lam earlier served as a part-time member of Central Policy Unit of The Government of Hong Kong Special Administrative Region, and a member of the Task Force on Industry Facilitation under the Digital 21 Strategy Advisory Committee, the assessment panel of the Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund, the derivatives market consultative panel of Hong Kong Exchanges and Clearing Limited, the general council and the corporate governance committee of the Chamber of Hong Kong Listed Companies, the New Business Committee of the Hong Kong Financial Services Development Council and the Legal Aid Services Council.

Dr. Lam is an independent non-executive director of each of CSI Properties Limited (Stock Code: 497), Elife Holdings Limited (Stock Code: 223), Glorious Sun Enterprises Limited (Stock Code: 393), Mei Ah Entertainment Group Limited (Stock Code: 391), Vongroup Limited (Stock Code: 318), Haitong Securities Company Limited (Stock Code: 6837, which is also listed in the Shanghai Stock Exchange with Stock Code: 600837) and Huarong Investment Stock Corporation Limited (Stock Code: 2277); and a non-executive director of each of China LNG Group Limited (Stock Code: 931), National Arts Entertainment and Culture Group Limited (Stock Code: 8228), Sunwah Kingsway Capital Holdings Limited (Stock Code: 188) and Roma Group Limited (Stock Code: 8072), the shares of all of which are listed on the Stock Exchange. He is an independent non-executive director of each of Asia-Pacific Strategic Investments Limited (Stock Code: 5RA), Rowsley Limited (Stock Code: A50) and Top Global Limited (Stock Code: BHO), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited (Stock Code: SWH), the shares of which are listed on the Toronto Stock Exchange; an independent non-executive director of Vietnam Equity Holding (Stock Code: 3MS), the shares of which are listed on the Stuttgart Stock Exchange; an independent non-executive director of AustChina Holdings Limited (Stock Code: AUH), the shares of which are listed on the Australian Securities Exchange; and a non-executive director of Adamas Finance Asia Limited (Stock Code: ADAM), the shares of which are listed on the London Stock Exchange.

Dr. Lam was a non-executive director of DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) (Stock Code: 620) and ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) (Stock Code: 185), the shares of all of which are listed on the Stock Exchange. Dr. Lam was also an independent non-executive director of Imagi International Holdings Limited (Stock Code: 585), Mingyuan Medicare Development Company Limited (Stock Code: 233), China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) (Stock Code: 715) and Far East Holdings International Limited (Stock Code: 36), the shares of all of which are listed on the Stock Exchange.

During the period between July 2014 and March 2015, Dr. Lam also served as an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (“**Ruifeng Petroleum**”), a company incorporated in the Cayman Islands, the shares of which were listed on the Stock Exchange and delisted on 6 February 2017. It was previously engaged in the petrochemical business. A winding-up petition was served on Ruifeng Petroleum on 12 August 2015 due to failure to pay a judgment debt relating to an outstanding amount of a promissory note issued by Ruifeng Petroleum in 2011. On 16 November 2015, Ruifeng

Petroleum was wound up by the High Court of Hong Kong. Dr. Lam has confirmed that Ruifeng Petroleum was solvent when he was an independent non-executive director, and that at the time when the listing of Ruifeng Petroleum's shares was cancelled and at the date of this circular, no claims have been made against him and he was not aware of any threatened or potential claim against him and there are no outstanding claims and/or liabilities as a result of Ruifeng Petroleum's dissolution.

Mr. Lam was appointed as independent non-executive director with effect from 15 September 2017.

Ms. Huang Jing (黃婧女士), aged 33, 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 became a director of Cloud Live Technology Group Co., Ltd.* (中科雲網科技集團股份有限公司), a company listed in the Shenzhen Stock Exchange, on 10 November 2016. Ms. Huang was an independent Supervisor from 28 June 2013 to 13 February 2015, was an independent non-executive Director from 13 February 2015 to 28 June 2016, and was appointed as non-executive Director with effect from 29 June 2016.

- (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 Loed & Loeb LLP at 21/F., CCB Tower, 3 Connaught Road, Central, Hong Kong within 14 days from the date of this circular:

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

NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES



西安海天天實業股份有限公司 XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings 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 Haitiantian Holdings Co., Ltd.* (the “**Company**”) will be held at 2:30 p.m., 19 March 2018 at Conference Room, Level 3, No. 25 Shuoshi Road, 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 10 October 2017 (the “**Xiao Subscription Agreement**”) entered into between the Company and Mr. Xiao Bing (肖兵先生) in relation to the subscription of 65,000,000 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 Xiao 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 Xiao 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 Xiao 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 10 October 2017 (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 65,000,000 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 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 10 October 2017 (the **“Jin Subscription Agreement”**) entered into between the Company and Ms. Jin Rongfei (金嵘霏女士), in relation to the subscription of 50,000,000 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 Jin 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 Jin 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 Jin 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

4. “**THAT**

- (a) the subscription agreement dated 10 October 2017 (the “**Zhang Subscription Agreement**”) entered into between the Company and Mr. Zhang Jiandong (張建東先生) 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 Zhang 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 Zhang 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 Zhang 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 Haitiantian Holdings Co., Ltd.*
Chen Ji
Chairman

Xi'an, the PRC, 2 February 2018

* 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 16 February 2018 to 19 March 2018 (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 15 February 2018 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 Share 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 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 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 27 February 2018.
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

NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES



西安海天天實業股份有限公司 XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings 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 Haitiantian Holdings Co., Ltd.* (the “**Company**”) 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), 19 March 2018 at Conference Room, Level 3, No. 25 Shuoshi Road, 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 10 October 2017 (the “**Xiao Subscription Agreement**”) entered into between the Company and Mr. Xiao Bing (肖兵先生) in relation to the subscription of 65,000,000 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 Xiao 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 Xiao 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 Xiao 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 10 October 2017 (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 65,000,000 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 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 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 10 October 2017 (the **“Jin Subscription Agreement”**) entered into between the Company and Ms. Jin Rongfei (金嵘霏女士), in relation to the subscription of 50,000,000 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 Jin 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 Jin 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 Jin 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

4. “**THAT**

- (a) the subscription agreement dated 10 October 2017 (the “**Zhang Subscription Agreement**”) entered into between the Company and Mr. Zhang Jiandong (張建東先生) 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 Zhang 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 Zhang 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 Zhang 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 Haitiantian Holdings Co., Ltd.*
Chen Ji
Chairman

Xi'an, the PRC, 2 February 2018

* 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 16 February 2018 to 19 March 2018 (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 15 February 2018 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 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 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 27 February 2018.
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. 25 Shuoshi Road,
Hi-tech Industrial Development Zone,
Xi'an, Shaanxi Province,
The People's Republic of China
Post Code: 710119

NOTICE OF EXTRAORDINARY GENERAL MEETING



西安海天天實業股份有限公司 XI'AN HAITIANTIAN HOLDINGS CO., LTD.*

(formerly known as 西安海天天綫控股股份有限公司 (Xi'an Haitian Antenna Holdings 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 Haitiantian Holdings 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), 19 March 2018 at Conference Room, Level 3, No. 25 Shuoshi Road, 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 10 October 2017 (the “**Xiao Subscription Agreement**”) entered into between the Company and Mr. Xiao Bing (肖兵先生) in relation to the subscription of 65,000,000 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 Xiao 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 Xiao 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 Xiao Subscription Agreement;

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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 10 October 2017 (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 65,000,000 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 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 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 10 October 2017 (the **“Jin Subscription Agreement”**) entered into between the Company and Ms. Jin Rongfei (金嵘霏女士), in relation to the subscription of 50,000,000 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 Jin 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 Jin 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 Jin 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

4. **“THAT**

- (a) the subscription agreement dated 10 October 2017 (the **“Zhang Subscription Agreement”**) entered into between the Company and Mr. Zhang Jiandong (張建東先生) 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 Zhang 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 Zhang 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 Zhang 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.”

Yours faithfully,
By Order of the Board
Xi'an Haitiantian Holdings Co., Ltd.*
Chen Ji
Chairman

Xi'an, the PRC, 2 February 2018

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from 16 February 2018 to 19 March 2018, 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 15 February 2018 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 share registrar of the Company, Computershare Hong Kong Investor Services Limited and, for holders of domestic shares, to the Company's head office, no later than 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 27 February 2018.
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. 25 Shuoshi Road,
Hi-tech Industrial Development Zone,
Xi'an, Shaanxi Province,
The People's Republic of China
Post Code: 710119

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