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西安海天天綫科技股份有限公司

XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD.*

*(formerly known as 西安海天天實業股份有限公司 (Xi'an Haitiantian Holdings Co., Ltd. *))*

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

(Stock Code: 8227)

CHANGE IN USE OF PROCEEDS

This announcement is made by Xi'an Haitian Antenna Technologies Co., Ltd* (西安海天天綫科技股份有限公司) (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the circular of the Company dated 2 February 2018 (the “**Circular**”) in relation to, among other things, the issue of the New Domestic Shares under the Specific Mandate (the “**New Issue**”). Capitalised terms used in this announcement shall have the same meanings as those used in the Circular unless the context requires otherwise.

In June 2019, The Ministry of Industry and Information Technology of the PRC has granted 5G licences for commercial use to China Telecom, China Mobile, China Unicom and China Broadcast Network, which introduced the official commercial use of the 5G technology in the PRC. The mobile communication industry has been widely recognized as one of the markets with largest and fastest growth in the next few years. It is expected that mobile communication operators will start large-scale network construction in 2020. Leveraging on the artificial medium lens multi-beam antenna (人工介質透鏡多波束天線) products of the Group following the acquisition of Suzhou Haitian New Antenna Technologies Co., Ltd.* (蘇州海天新天綫科技有限公司) in December 2019, the Group would actively seize the substantial opportunities in the 5G market. The Group would fully integrate its resources, and make full use of its operation and production experience and sales network in the communications industry to promote the mobile communication antenna products. At the same time, the Group would continue to develop a series of new materials antenna products in different frequency bands that can be widely used in 5G mobile communication, W-LAN and other industries and scenarios. Accordingly, the Group's focus in the next few years will be on mobile communications related businesses.

The net proceeds from the New Issue are approximately RMB41.0 million (the “**Net Proceeds**”). With a view to accommodating the Group's development and strategies and meeting the needs of its production and operation, the Board had resolved on 26 December 2019 to reallocate the Net Proceeds as follows:

Use of the Net Proceeds	Original amount	Amount utilized as at 26 December 2019	Amount after reallocation
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	RMB30.0 million	RMB25.45 million	RMB39.1 million
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	RMB10.0 million	RMB1.4 million	RMB1.4 million
The research and development, trial production, production, marketing and general working expenses of underwater surveillance equipment by Haitian Marine	RMB1.0 million	RMB0.5 million	RMB0.5 million
Total:	<u>RMB41.0 million</u>	<u>RMB27.35 million</u>	<u>RMB41.0 million</u>

The Board considers that the reallocation of the Net Proceeds would allow the Company to deploy its financial resources more efficiently and therefore, is in the best interest of the Company and the Shareholders as a whole.

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

Xi'an, the PRC, 27 December 2019

As at the date of this announcement, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Chen Ji (陳繼先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Zuo Hong (左宏先生), Ms. Huang Jing (黃婧女士) and Mr. Yan Weimin (燕衛民先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Professor Shi Ping (師萍教授), Mr. Tu Jijun (涂繼軍先生) and Professor Lei Zhenya (雷振亞教授) being independent non-executive Directors.

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

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

* for identification purpose only