

FIRST QUARTERLY REPORT 2016



西安海天天线控股股份有限公司
Xi'an Haitian Antenna Holdings Co., Ltd.*

(formerly known as 西安海天天线科技股份有限公司 (Xi'an Haitian Antenna Technologies Co., Ltd.))
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8227)

* for identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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This report, for which the directors (the “Directors”) of Xi’an Haitian Antenna Holdings Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report 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 report misleading.*

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HIGHLIGHTS

- During the three months ended 31 March 2016, the Group recorded an unaudited loss of RMB4.79 million, comparing to the unaudited loss of RMB3.60 million for the corresponding period in the year of 2015.
- The unaudited revenue for the three months ended 31 March 2016 was RMB1.54 million, representing 365.0% of the unaudited revenue for the corresponding period in the year of 2015.
- The Board does not recommend the payment of a dividend for the three months ended 31 March 2016 (2015: nil).

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

The board of Directors of the Company (the “**Board**”) hereby submits the unaudited consolidated operating results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2016, together with the unaudited comparative figures for the corresponding period in the year 2015 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | | (Unaudited) | |
|---|--------------|-----------------------------|--------------|
| | | For the three months | |
| | | ended 31 March | |
| | <i>Notes</i> | 2016 | 2015 |
| | | RMB'000 | RMB'000 |
| Revenue | 3 | 1,544 | 423 |
| Cost of sales | | (1,427) | (235) |
| Gross profit | | 117 | 188 |
| Other revenue | | 427 | 543 |
| Distribution costs | | (675) | (769) |
| Administrative expenses | | (4,304) | (2,584) |
| Finance costs | | (350) | (980) |
| Loss before tax | | (4,785) | (3,602) |
| Income tax expense | 4 | – | – |
| Loss and total comprehensive expense for the period | | (4,785) | (3,602) |
| Loss per share | | | |
| – Basic and diluted | 6 | (0.36 cents) | (0.48 cents) |

Notes to the Consolidated Financial Results

For the three months ended 31 March 2016

1. BASIS OF PREPARATION

The Company is a joint stock limited company established in the People's Republic of China (the "PRC") and the H shares of the Company are listed on the GEM of the Stock Exchange.

The Group is principally engaged in 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.

This unaudited consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The Group's books and records are maintained in Renminbi ("RMB"), which is also the functional currency of the Company.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this unaudited consolidated financial information are consistent with those used in the Group's annual financial statements for the year ended 31 December 2015.

3. REVENUE

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts, sales related taxes, estimated customer returns, rates and other similar allowances.

3. REVENUE (continued)

Analysis of revenue and results by reportable and operating segment:

| | (Unaudited) | |
|---|--|---------|
| | For the three months ended 31 March | |
| | 2016 | 2015 |
| | RMB'000 | RMB'000 |
| Revenue | | |
| Sales of antennas products and related services | – | 423 |
| Sales of underwater surveillance and related products | 1,544 | – |
| Sales of unmanned aerial products | – | – |
| | 1,544 | 423 |
| Segment profit (loss) | | |
| Sales of antennas products and related services | 185 | (3,602) |
| Sales of underwater surveillance and related products | (145) | – |
| Sales of unmanned aerial products | (359) | – |
| | (319) | (3,602) |
| Unallocated income | 99 | – |
| Unallocated expenses | (4,215) | – |
| Finance costs | (350) | – |
| Loss before tax | (4,785) | (3,602) |

Segment profit (loss) represents the profit earned (loss) from by each segment without allocation of central administration costs, directors' salaries, interest income and finance costs.

Analysis of revenue by geographical location:

| | (Unaudited) | |
|--------------------|--|---------|
| | For the three months ended 31 March | |
| | 2016 | 2015 |
| | RMB'000 | RMB'000 |
| PRC | 1,544 | 423 |
| Asia excluding PRC | – | – |
| | 1,544 | 423 |

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

5. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2016 (2015: nil).

6. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the unaudited loss for the three months ended 31 March 2016 attributable to owners of the Company of RMB4,785,000 (2015: RMB3,602,000) and the weighted average number of 1,347,058,824 (2015: 753,725,491) ordinary shares in issue during the period.

The diluted loss per share is equal to the basic loss per share as calculated above as the Company did not have any potential shares outstanding for the both periods.

7. RESERVES

| | (Unaudited) Share capital RMB'000 | (Unaudited) Share premium RMB'000 | (Unaudited) Statutory surplus reserve RMB'000 | (Unaudited) Other reserve RMB'000 | (Unaudited) Accumulated losses RMB'000 | (Unaudited) Total RMB'000 |
|---|--|--|---|--|---|---------------------------------|
| At 1 January 2016 | 134,706 | 88,036 | 16,153 | 15,856 | (181,315) | 73,436 |
| Loss and total comprehensive expense for the period | - | - | - | - | (4,785) | (4,785) |
| At 31 March 2016 | 134,706 | 88,036 | 16,153 | 15,856 | (186,100) | 68,651 |
| At 1 January 2015 | 64,706 | 71,229 | 16,153 | 15,856 | (159,379) | 8,565 |
| Issue of 160,000,000 H shares at subscription price of HK\$0.189 each | 16,000 | 8,446 | - | - | - | 24,446 |
| Loss and total comprehensive expense for the period | - | - | - | - | (3,602) | (3,602) |
| At 31 March 2015 | 80,706 | 79,675 | 16,153 | 15,856 | (162,981) | 29,409 |

8. EVENT AFTER THE REPORTING PERIOD

32,000,000 H shares and 60,000,000 H shares were issued and allotted on 21 April 2016 and 28 April 2016 respectively for cash at the subscription price of HK\$0.33 per H share under the subscription agreements dated 21 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

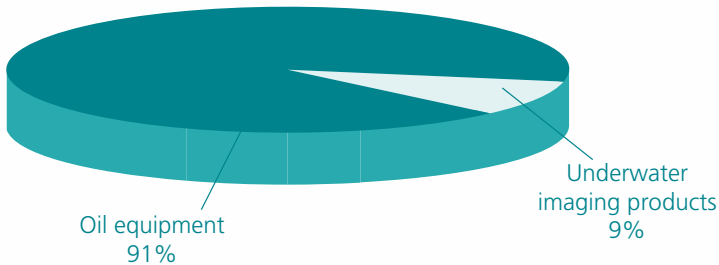
The Group recorded unaudited revenue of approximately RMB1.54 million for the three months ended 31 March 2016, representing 365.0% of the unaudited revenue for the corresponding period in the year of 2015. The significant increase was solely attributable to sales of underwater surveillance and related products.

During the three months ended 31 March 2016, most of resources were deployed to marketing of underwater surveillance and related products and development of unmanned aerial products, no revenue was recognised in the operating segment of antennas products and related services. All revenue was generated from the operating segment of underwater surveillance and related products, of which approximately 91% and 9% were contributed from oil equipment and underwater imaging products respectively.

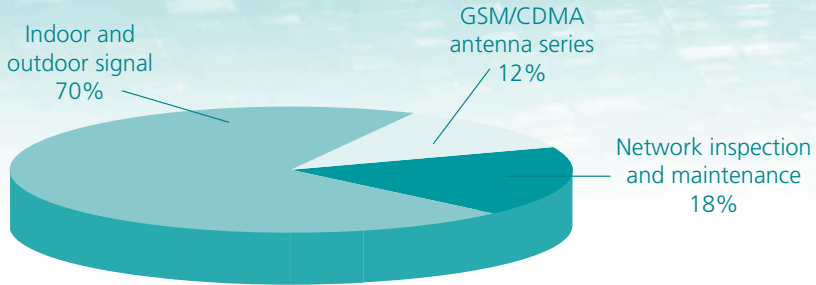
No revenue was recognised from the three major telecommunication operators, comparing to approximately 30% in the corresponding period of 2015 as all customers were from the operating segment of underwater surveillance and related products.

Composite of revenue by product line for the three months ended 31 March 2016, together with the comparative figures for the corresponding period in the year 2015, are provided as follows:

For the three months ended 31 March 2016 (by product line)

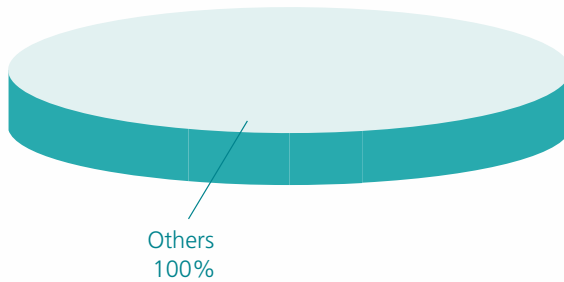


For the three months ended 31 March 2015 (by product line)

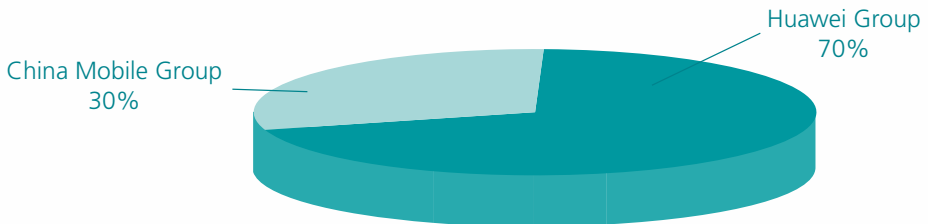


Composite of revenue by major customers for the three months ended 31 March 2016, together with the comparative figures for the corresponding period in the year 2015, are provided as follows:

For the three months ended 31 March 2016 (by major customers)



For the three months ended 31 March 2015 (by major customers)



Legend:

China Mobile Group: 中國移動通信集團公司 (China Mobile Communications Corporation) and its subsidiaries and branch companies (collectively “**China Mobile Group**”)

Huawei Group: 華為技術有限公司 (Huawei Technologies Co., Ltd) and its subsidiaries and branch companies (collectively “**Huawei Group**”)

Gross Profit

During the three months ended 31 March 2016, an unaudited gross profit of approximately RMB0.12 million was recorded which represented gross profit margin of approximately 7.6%, comparing to the unaudited gross loss margin of approximately 44.4% in the corresponding period of 2015. It was mainly attributable to low profit margin of new products under the operating segment of underwater surveillance and related products at early stage and recognition of follow-up operating costs under the operating segment of antennas products and related services.

Other Revenue

Government grant of approximately RMB0.33 million in respect of antennas products and related services was realised and less than RMB0.10 million was recorded as income from technical services.

Segment Profit (Loss)

Distribution costs for the period ended 31 March 2016 were approximately RMB0.68 million, representing a decrease of approximately 12.2% from the corresponding period of 2015. Over 41% of distribution costs were incurred for the marketing of underwater surveillance and related products and over 52% were for development of unmanned aerial products.

Together with allocation of government grant under other revenue and depreciation expenses for each operating segment, segment profit of approximately RMB0.19 million as recorded for antennas products and related services but segment loss of approximately RMB0.15 million and RMB0.36 million was reported for underwater surveillance and related products and unmanned aerial products respectively.

Other Costs and Expenses

Increase in administrative expenses by approximately RMB1.72 million comparing to the corresponding period of 2015 was the result of increases in staff costs of administrative team and research and development costs by approximately RMB1.12 million and RMB0.50 million respectively.

Interest expenses for short-term interest-bearing bank borrowings were approximately RMB0.22 million less than those in corresponding period in 2015.

Loss for the period

Consequently, loss attributable to shareholders of approximately RMB4.79 million was reported by the Group for the period ended 31 March 2016, comparing to loss of approximately RMB3.60 million in the corresponding period of 2015.

PROSPECTS

In the first quarter of this year, the Group continued to develop market in aerial seeding in agriculture and related industries with the focus on aerospace unmanned aerial vehicle products. Currently, in Shaanxi area, the Company has applied its unmanned aerial vehicles and carried out related agriculture, forestry and spraying businesses, which obtained preliminary economic benefits and won market reputation. Moreover, the Company developed Xinjiang market which possesses abundant farmland, pasture and forest, where the early market communication and preparation have been completed so far. Besides, the Company has widely popularised and applied its equipment and products of underwater and underground monitoring in various industries including fishery, scientific research and water conservancy, and even exported some products, enabling it to preliminary establish the market popularity and expand the customer base. In the future, the Company will continue to improve and optimise the above products through market feedback, maintain and expand related industry qualifications, as well as establish and improve the sales mechanism, aiming to realise the goal of strategic development of new products of the Group.

In April 2016, the Group has completed the private placing of 92,000,000 new H shares and raised proceeds of more than HK\$30,000,000 therefrom to replenish working capital of the Company. This creates good basic conditions for the business development of the Company in 2016.

The Group, through continuous efforts recently, has made the Company's products achieve preliminary success on the basis of the traditional communication technology and successfully entered into the high-tech fields including aerospace and marine products. The Board and management of the Company will redouble its efforts to develop the Group into a high-tech enterprise with diversified operations.

DIRECTORS', SUPERVISORY COMMITTEE MEMBERS' (THE "SUPERVISORS'") AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, the interests and short positions of the Directors, Supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong) had applied to the Supervisors) and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in domestic shares of the Company ("Domestic Shares")

| Name of person | Capacity | Number of Domestic Shares | Approximate % in total issued Domestic Shares | Approximate % in total issued Shares | Approximate % in enlarged issued Shares (Note 3) |
|-------------------------|------------------------------------|---------------------------|---|--------------------------------------|---|
| Mr. Xiao Bing (肖兵先生) | Interest in controlled corporation | 328,363,637 (Note 1) | 37.09% | 24.38% | 22.82% |
| Mr. Chen Ji (陳繼先生) | Spouse interest | 119,693,333 (Note 2) | 13.52% | 8.89% | 8.32% |

Long positions in H shares of the Company ("H Shares")

| Name of person | Capacity | Number of H Shares | Approximate % in total issued H Shares | Approximate % in total issued Shares | Approximate % in enlarged issued H Shares (Note 3) | Approximate % in enlarged issued Shares (Note 3) |
|-----------------------|------------------|--------------------|--|--------------------------------------|---|---|
| Mr. Chen Ji (陳繼先生) | Beneficial owner | 53,500,000 | 11.59% | 3.97% | 9.66% | 3.72% |

Notes:

1. 328,363,637 Domestic Shares are held by Xi'an Tian An Investment Co., Ltd.* (西安天安投資有限公司) (“**Tian An Investment**”), which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by his mother Ms. Yao Wenli. By virtue of the SFO, Mr. Xiao Bing is deemed to be interested in the same 328,363,637 Domestic Shares.
2. 119,693,333 Domestic Shares are held by Shanghai Gaoxiang Investment Management Co., Ltd.* (上海高湘投資管理有限公司) (“**Gaoxiang Investment**”), which is beneficially owned by the spouse and mother-in-law of Mr. Chen Ji in equal share. By virtue of the SFO, Mr. Chen Ji is deemed to be interested in the same 119,693,333 Domestic Shares.
3. The issued Shares are to be enlarged by the issue and allotment of 92,000,000 H Shares under general mandate (more particularly described in the announcement of the Company dated 21 December 2015). The general mandate was approved by China Securities Regulatory Commission on 2 February 2016 and by the Stock Exchange on 12 April 2016. 32,000,000 H Shares and 60,000,000 H Shares were issued and allotted on 21 April 2016 and 28 April 2016 respectively (more particularly described in the announcements of the Company dated 21 April 2016 and 28 April 2016).

Saved as disclosed above, as at 31 March 2016, none of the Directors, Supervisors and chief executives of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2016, so far as is known to the Directors, the Supervisors or chief executive of the Company, the following persons/entities (other than the Directors, Supervisors or chief executive of the Company) who/which had, or are deemed to have, interests or short positions 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/which were or are expected to be, directly or indirectly, interested in 10% 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; or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in Domestic Shares

| Name of shareholder | Capacity | Number of Domestic Shares | Approximate % in total issued Domestic Shares | Approximate % in total issued Shares | Approximate % in enlarged issued Shares (Note 11) |
|---|------------------------------------|---------------------------|---|--------------------------------------|--|
| Tian An Investment | Beneficial owner | 328,363,637 (Note 1) | 37.09% | 24.38% | 22.82% |
| Professor Xiao Liangyong (肖良勇教授) | Parties acting in concert | 328,363,637 (Note 1) | 37.09% | 24.38% | 22.82% |
| Ms. Yao Wenli (姚文俐女士) | Interest in controlled corporation | 328,363,637 (Note 1) | 37.09% | 24.38% | 22.82% |
| Gaoxiang Investment | Beneficial owner | 119,693,333 (Note 2) | 13.52% | 8.89% | 8.32% |
| Ms. Sun Xiangjun (孫湘君女士) | Interest in controlled corporation | 119,693,333 (Note 2) | 13.52% | 8.89% | 8.32% |
| Ms. Gao Xuejuan (高雪娟女士) | Interest in controlled corporation | 119,693,333 (Note 2) | 13.52% | 8.89% | 8.32% |
| Xi'an International Medical Investment Co., Ltd.* (西安國際醫學投資股份有限公司) | Beneficial owner | 100,000,000 | 11.29% | 7.42% | 6.94% |
| Shenzhen Huitai Investment Development Co., Ltd.* (深圳市匯泰投資發展有限公司) | Beneficial owner | 75,064,706 (Note 3) | 8.48% | 5.57% | 5.22% |
| Mr. Zuo Hong (左宏先生) | Interest in controlled corporation | 75,064,706 (Note 3) | 8.48% | 5.57% | 5.22% |
| Ms. Yi Li (易麗女士) | Interest in controlled corporation | 75,064,706 (Note 3) | 8.48% | 5.57% | 5.22% |

| Name of shareholder | Capacity | Number of Domestic Shares | Approximate | Approximate % in total issued Shares | Approximate % in enlarged issued Shares (Note 11) |
|---|------------------------------------|---------------------------|-----------------------------------|--------------------------------------|--|
| | | | % in total issued Domestic Shares | | |
| Chang'an International Trust Co., Ltd.* (長安國際信託股份有限公司) | Beneficial owner | 70,151,471 (Note 4) | 7.92% | 5.21% | 4.87% |
| Xi'an Finance Bureau* (西安市財政局) | Interest in controlled corporation | 70,151,471 (Note 4) | 7.92% | 5.21% | 4.87% |
| Shanghai Zendai Investment Management Co., Ltd.* (上海証大投資管理有限公司) | Interest in controlled corporation | 70,151,471 (Note 4) | 7.92% | 5.21% | 4.87% |
| Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司) | Beneficial owner | 70,000,000 (Note 5) | 7.91% | 5.20% | 4.86% |
| Mr. Wang Yun (王贛先生) | Interest in controlled corporation | 70,000,000 (Note 5) | 7.91% | 5.20% | 4.86% |
| Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) | Beneficial owner | 54,077,941 (Note 6) | 6.11% | 4.01% | 3.76% |
| Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司) | Interest in controlled corporation | 54,077,941 (Note 6) | 6.11% | 4.01% | 3.76% |
| Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司) | Beneficial owner | 20,000,000 | 2.26% | 1.48% | 1.39% |
| Hongshi (Shanghai) Investment Consultancy Ltd.* (宏獅(上海)投資諮詢有限公司) | Beneficial owner | 18,500,000 | 2.09% | 1.37% | 1.29% |
| Shanghai Maokou Commerce and Trading Ltd.* (上海睿寇商貿有限公司) | Beneficial owner | 18,500,000 | 2.09% | 1.37% | 1.29% |
| Mr. Chen Xiao Bin (陳曉續先生) | Beneficial owner | 6,000,000 (Note 7) | 0.68% | 0.45% | 0.42% |
| Mr. Jiao Chengyi (焦成義先生) | Beneficial owner | 4,943,030 | 0.56% | 0.37% | 0.34% |

Long positions in H Shares

| Name of shareholder | Capacity | Number of H Shares (Note 8) | Approximate | Approximate | Approximate | Approximate |
|---|------------------------------------|-----------------------------------|----------------------------------|--------------------------------|--|--|
| | | | % in total issued H Shares | % in total issued Shares | % in enlarged issued H Shares (Note 11) | % in enlarged issued Shares (Note 11) |
| Ms. Chen Wei (陳瑋女士) | Interest in controlled corporation | 122,224,000 (Note 9) | 26.47% | 9.07% | 22.07% | 8.49% |
| Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司) | Beneficial owner | 80,000,000 (Note 9) | 17.33% | 5.94% | 14.45% | 5.56% |
| Zeal Warrior Investments Limited | Interest in controlled corporation | 42,224,000 (Note 9) | 9.14% | 3.13% | 7.62% | 2.93% |
| Oceanic Bliss Holdings Limited (海祥控股有限公司) | Beneficial owner | 42,224,000 (Note 9) | 9.14% | 3.13% | 7.62% | 2.93% |
| Mr. Wang Mingyue (王明月先生) | Interest in controlled corporation | 60,000,000 (Note 10) | 12.99% | 4.45% | 10.83% | 4.17% |
| Sure Rosy Global Investments Limited (順盛環球投資有限公司) | Interest in controlled corporation | 60,000,000 (Note 10) | 12.99% | 4.45% | 10.83% | 4.17% |
| Auspicious Zone Investments Limited (彩域投資有限公司) | Beneficial owner | 60,000,000 (Note 10) | 12.99% | 4.45% | 10.83% | 4.17% |

Notes:

1. 328,363,637 Domestic Shares are held by Tian An Investment, which is beneficially owned as to 60% by Mr. Xiao Bing and 40% by his mother Ms. Yao Wenli. Professor Xiao Liangyong is the father of and a person acting in concert with Mr. Xiao Bing. By virtue of the SFO, each of Professor Xiao Liangyong and Ms. Yao Wenli is deemed to be interested in the same 328,363,637 Domestic Shares.
2. 119,693,333 Domestic Shares are held by Gaoxiang Investment, which is beneficially owned by Ms. Sun Xiangjun and Ms. Gao Xuejuan in equal share. By virtue of the SFO, each of Ms. Sun Xiangjun and Ms. Gao Xuejuan is deemed to be interested in the same 119,693,333 Domestic Shares.
3. 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), which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, each of Mr. Zuo Hong and Ms. Yi Li is deemed to be interested in the same 75,064,706 Domestic Shares.
4. 70,151,471 Domestic Shares are held by Chang'an International Trust Co., Ltd.* (長安國際信託股份有限公司) ("CITI"). By virtue of the SFO, Xi'an Finance Bureau* (西安市財政局) and Shanghai Zendai Investment Management Co., Ltd.* (上海証大投資管理有限公司), which respectively holds more than one third of voting rights of CITI, are deemed to be interested in the same 70,151,471 Domestic Shares. These Domestic Shares are intended to be transferred to Gaoxiang Investment which is subject to approval of the Department of Commerce of Shannxi Province* (陝西省商務廳).
5. 70,000,000 Domestic Shares are held by Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司), which is beneficially owned as to 50% by Mr. Wang Yun. By virtue of the SFO, Mr. Wang Yun is deemed to be interested in the same 70,000,000 Domestic Shares.
6. 54,077,941 Domestic Shares are held by Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心) ("**Beijing Holdings**"). By virtue of the SFO, Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司), which holds more than one third of voting rights of Beijing Holdings, is deemed to be interested in the same 54,077,941 Domestic Shares.
7. 6,000,000 Domestic Shares are held by Mr. Chen Xiao Bin and intended to be transferred to Mr. Jiao Chengyi which is subject to approval of the Department of Commerce of Shannxi Province* (陝西省商務廳).
8. Details of these shareholders of the Company are based on information as set out in the website of the Stock Exchange and provided by the relevant shareholders. The Company has not been fully notified by the relevant shareholders and has not received any updated notice pursuant to the SFO from them.

9. 10,224,000 H Shares are held by and 32,000,000 H Shares are to be issued and allotted under general mandate on 21 April 2016 (more particularly described in the announcements of the Company dated 21 December 2015 and 21 April 2016) to Oceanic Bliss Holdings Limited, which is beneficially owned by Zeal Warrior Investments Limited (“**Zeal Warrior**”). By virtue of the SFO, Zeal Warrior is deemed to be interested in the same 42,224,000 H Shares. Ms. Chen Wei is beneficial owner of Hongkong Jinsheng Enterprise Co., Limited, by which 80,000,000 H Shares are held, and Zeal Warrior. By virtue of the SFO, Ms. Chen Wei is deemed to be interested in the same 122,224,000 H Shares.
10. 60,000,000 H Shares are to be issued and allotted under general mandate on 28 April 2016 (more particularly described in the announcements of the Company dated 21 December 2015 and 28 April 2016) to Auspicious Zone Investments Limited, which is beneficially owned by Sure Rosy Global Investments Limited of which Mr. Wang Mingyue is beneficial owner. By virtue of the SFO, each of Sure Rosy Global Investments Limited and Mr. Wang Mingyue is deemed to be interested in the same 60,000,000 H Shares.
11. The issued Shares are to be enlarged by the issue and allotment of 92,000,000 H Shares under general mandate (more particularly described in the announcements of the Company dated 21 December 2015). The general mandate was approved by China Securities Regulatory Commission on 2 February 2016 and by the Stock Exchange on 12 April 2016. 32,000,000 H Shares and 60,000,000 H Shares were issued and allotted on 21 April 2016 and 28 April 2016 respectively (more particularly described in the announcements of the Company dated 21 April 2016 and 28 April 2016).

Saved as disclosed above, as at 31 March 2016, the Directors, Supervisors and chief executives of the Company were not aware of any other person/entity (other than the Directors, Supervisors or chief executive of the Company) who/which had, or is deemed to have, interests or short positions 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/which was or is expected to be, directly or indirectly, interested in 10% 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; or who/which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As 31 March 2016, so far as is known to the Directors, Supervisors and chief executives of the Company, none of the Directors, Supervisors or chief executives of the Company or any of their respective associates including spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for H Shares (or warrants or debentures, if applicable) or to acquire H Shares.

COMPETING INTERESTS

None of the Directors, the Supervisors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had an interest in any business which competes or may compete, directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

AUDIT COMMITTEE

An audit committee of the Company (the "**Audit Committee**") was established on 4 April 2003 with 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 31 March 2016, the Audit Committee comprised of Ms. Huang Jing and Mr. Zhang Jun, independent non-executive Directors, and Mr. Li Wenqi, a non-executive Director. The Group's unaudited consolidated results for the three months ended 31 March 2016 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the three months ended 31 March 2016, the Company has complied with the requirements of the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2016, the Company adopted a code of conduct regarding securities transactions by Directors on terms which are same as the required standard of dealings as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard for dealings and the code of conduct regarding securities transactions by the Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2016.

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

Xi'an, the PRC, 6 May 2016

As at the date of this report, the Board comprises Mr. Xiao Bing (肖兵先生) and Mr. Chen Ji (陳繼先生) being executive Directors; Mr. Sun Wenguo (孫文國先生), Mr. Li Wenqi (李文琦先生), Mr. Yan Feng (閻鋒先生), Mr. Xie Yiqun (解益群先生) and Mr. Li Peng (李鵬先生) being non-executive Directors; and Mr. Zhang Jun (張鈞先生), Ms. Huang Jing (黃婧女士), Professor Shi Ping (師萍教授) and Mr. Tu Jijun (涂繼軍先生) being independent non-executive Directors.