

THIRD 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 Technologies 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

- The Group's unaudited revenue for the nine months ended 30 September 2016 was approximately RMB5.06 million, representing a decrease of approximately 79.2% when compared with that of the corresponding period in the year 2015.
- The Group's unaudited loss for the nine months ended 30 September 2016 was approximately RMB8.61 million, and the Group recorded a loss of approximately RMB4.04 million for the corresponding period in the year 2015.
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2016 (2015: nil).

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 and nine months ended 30 September 2016, together with the unaudited comparative figures for the corresponding period in the year 2015 as follows:

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Notes	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Revenue	3	1,583	5,913	5,055	24,312
Cost of sales		(1,398)	(3,816)	(4,587)	(14,708)
Gross profit		185	2,097	468	9,604
Other revenue		4,069	450	4,855	1,772
Distribution costs		(519)	(788)	(1,651)	(1,807)
Administrative expenses		(3,592)	(5,494)	(11,673)	(11,783)
Finance costs		(65)	(618)	(606)	(1,828)
Profit (loss) before tax		78	(4,353)	(8,607)	(4,042)
Income tax expense	4	–	–	–	–
Profit (loss) and total comprehensive income (expense) for the period		78	(4,353)	(8,607)	(4,042)
Earnings (loss) per share – Basic and diluted (in RMB cents)	6	0.01	(0.50)	(0.61)	(0.46)

Notes to the Consolidated Financial Results

For the nine months ended 30 September 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 (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") 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 AND SEGMENT INFORMATION

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 AND SEGMENT INFORMATION *(continued)*

Analysis of revenue and results by reportable and operating segment:

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Revenue				
Sales of antennas products and related services	464	5,607	1,602	12,997
Sales of underwater surveillance and related products	169	306	2,503	11,315
Sales of unmanned aerial products	950	–	950	–
Sales of automotive equipment and related products	–	–	–	–
	1,583	5,913	5,055	24,312
Segment profit (loss)				
Sales of antennas products and related services	214	2,040	719	5,952
Sales of underwater surveillance and related products	(249)	(476)	(747)	2,631
Sales of unmanned aerial products	(111)	(5)	(417)	(5)
Sales of automotive equipment and related products	–	–	–	–
	(146)	1,559	(445)	8,578
Unallocated income	3,805	169	3,904	930
Unallocated expenses	(3,516)	(5,463)	(11,460)	(11,722)
Finance costs	(65)	(618)	(606)	(1,828)
Profit (loss) before tax	78	(4,353)	(8,607)	(4,042)

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.

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Analysis of revenue by geographical location:

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
The PRC	1,583	5,913	5,055	24,312
Asia excluding the PRC	–	–	–	–
	1,583	5,913	5,055	24,312

4. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group did not generate assessable profits in Hong Kong during both periods.

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% during both periods.

5. DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2016 (2015: nil).

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to the owners of the Company is based on the unaudited profit for the three months and loss for the nine months ended 30 September 2016 attributable to owners of the Company of RMB78,000 and RMB8,607,000 respectively (2015: loss of RMB4,353,000 and loss of RMB4,042,000 respectively) and the weighted average number of 1,399,920,138 (2015: 870,392,157) ordinary shares in issue during the period. The weighted average number of ordinary shares is the number of 1,347,058,824 ordinary shares in issue at the beginning of the period, adjusted by the number of 92,000,000 ordinary shares issued during the period multiplied by a time-weighting factor.

The diluted earnings (loss) per share is equal to the basic earnings (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 2015	64,706	71,229	16,153	15,856	(159,379)	8,565
Issue of 300,000,000 H shares at subscription price of HK\$0.189 each	30,000	15,597	-	-	-	45,597
Loss and total comprehensive expense for the period	-	-	-	-	(4,042)	(4,042)
At 30 September 2015	94,706	86,826	16,153	15,856	(163,421)	50,120
At 1 January 2016	134,706	88,036	16,153	15,856	(181,315)	73,436
Issue of 92,000,000 H shares at subscription price of HK\$0.33 each	9,200	16,173	-	-	-	25,373
Loss and total comprehensive expense for the period	-	-	-	-	(8,607)	(8,607)
At 30 September 2016	143,906	104,209	16,153	15,856	(189,922)	90,202

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

Unaudited revenue of approximately RMB5.06 million was recorded for the nine months ended 30 September 2016 (the “**Review Period**”), representing merely 21% of unaudited revenue for the corresponding period in 2015. The significant decrease in revenue was mainly attributable to income from alarm system, video surveillance system and technical advisory service of approximately RMB11.32 million recorded in the corresponding period in 2015 but no such income generated during the Review Period.

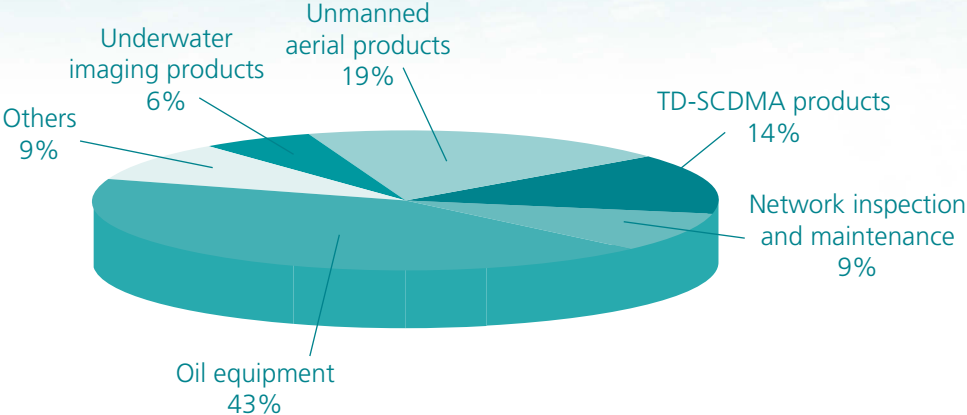
Revenue generated from operating segment of antennas products and related services was accounted for approximately 32% of revenue, in which income from the traditional TD-SCDMA products, and network inspection and maintenance were approximately 14% and 9% of revenue respectively for the Review Period.

Nearly half of revenue was attributable to operating segment of underwater surveillance and related products. Approximately 43% and 6% of revenue were come from oil equipment and underwater imaging products respectively as new products were developed and introduced into the markets. Although unmanned aerial products were still under development and improvement, approximately 19% of revenue in respect of information system was recorded during the Review Period.

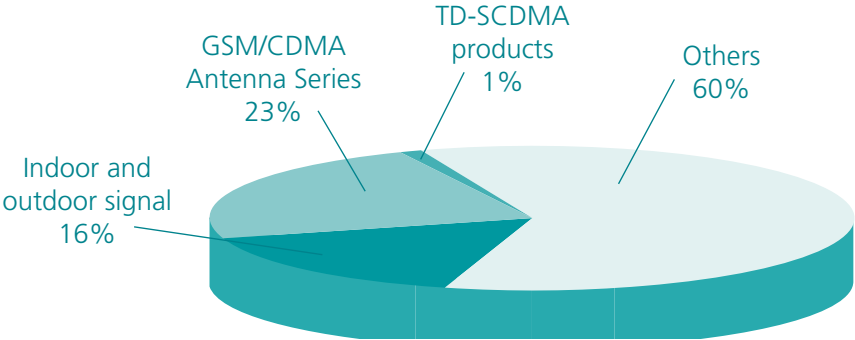
Following development of new operating segments of underwater surveillance and related products and unmanned aerial products, the customer base of the Group was further diversified into various customer groups during the Review Period. Approximately 30% of revenue was generated from the three major telecommunication operators during the Review Period, compared to approximately 21% for the corresponding period in 2015.

Composite of revenue by product line for the nine months ended 30 September 2016, together with the comparative figures for the corresponding period in the year 2015, are provided as follows:

For the nine months ended 30 September 2016 (by product line)

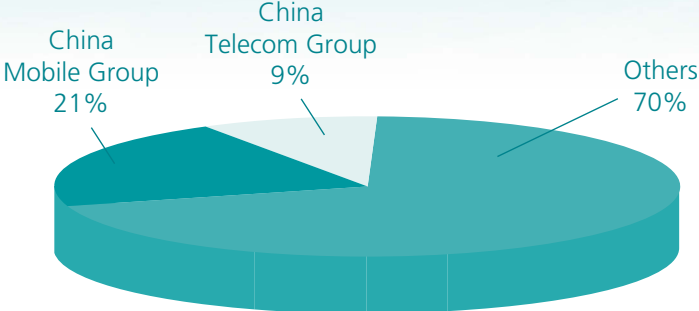


For the nine months ended 30 September 2015 (by product line)

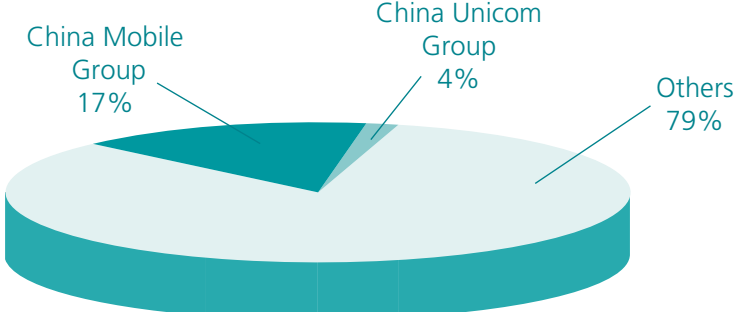


Composite of revenue by major customers for the nine months ended 30 September 2016, together with the comparative figures for the corresponding period in the year 2015, are provided as follows:

For the nine months ended 30 September 2016 (by major customers)



For the nine months ended 30 September 2015 (by major customers)



Legend:

China Telecom Group: 中國電信集團公司 (China Telecommunications Corporation) and its subsidiaries and branch companies (collectively **“China Telecom Group”**)

China Unicom Group: 中國聯合通信有限公司 (China United Telecommunications Corporation) and its subsidiaries and branch companies (collectively **“China Unicom Group”**)

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”**)

Gross profit

Unaudited gross profit margin for the Review Period was approximately 9.3%, compared to approximately 39.5% in the corresponding period in 2015. The main reason for decrease in gross profit margin was low profit margin of new products at early stage under operating segments of underwater surveillance and related products and unmanned aerial products.

Other revenue

Approximately RMB0.24 million and RMB3.20 million was recognised in third quarter of 2016 as profit from trading of steel material and consultancy income respectively. Recovery of bad debts and impairment loss reversed in respect of trade receivables, other receivables and prepayment were accounted for approximately RMB0.30 million, and government grants received and amortised were amounted to RMB0.95 million for the Review Period.

Segment profit (loss)

Distribution costs were decreased from approximately RMB1.81 million in the corresponding period in 2015 to approximately RMB1.65 million for the Review Period. Over 69% of distribution costs were allocated to marketing of underwater surveillance and related products, and over 30% of distribution costs were for development of unmanned aerial products.

After allocation of government grant under other revenue and depreciation and amortisation under administrative expenses, segment profit of approximately RMB0.72 million was recorded for operating segment of antennas products and related services. Due to early stage of development of new operating segments of underwater surveillance and related products and unmanned aerial products, segment loss of approximately RMB0.75 million and RMB0.42 million were reported for the Review Period respectively.

Other costs and expenses

There was no significant fluctuation in administrative expenses for the Review Period under cost effectiveness approach implemented by the Group. Approximately RMB11.67 million was incurred for administrative purposes during the Review Period, compared to approximately RMB11.78 million for the corresponding period in 2015.

Interest expenses of merely RMB0.62 million were paid as short term bank borrowings were maintained at approximately RMB5 million during the Review Period, compared to approximately RMB1.28 million incurred for the short term bank borrowings of approximately RMB20 million in the corresponding period of 2015.

Profit (loss) for the period

Over RMB3 million other revenue was recognised in the third quarter of 2016 and cost effectiveness approach was strictly adopted, profit was recorded for the three months ended 30 September 2016. However, significant decrease in both revenue and gross profit margin during the Review Period, together with new operating segment at early development stage, an unaudited loss of approximately RMB8.61 million was reported for the Review Period.

PROSPECTS

In the first three quarters of 2016, the Company has made sustained and positive efforts in promoting technical reserve and market development of its aerospace projects. In order to cope with the Company's market expansion efforts in Europe and take full advantage of the technical, marketing and management personnel in Europe, a new wholly-owned subsidiary with a registered capital of Euro500,000 has been established by the Company in one of the EU Member States; Furthermore, the Company has entered into cooperation memorandum with AutoGyro GmbH ("**AutoGyro**", a European leader in development and production of gyroplanes) and UMS SKELDAR AG ("**UMS SKELDAR**", a company specialised in the development of unmanned aerial and corresponding flight control system) with the intention to incorporate a company in Hong Kong with a total investment of USD25,000,000 in order to jointly develop Asian markets. The establishment of the overseas company and cooperation with famous international aerial vehicle manufacturers will not only greatly improve the performance of unmanned aerial products of the Company in the future, but also benefit our expansion efforts in the Asia market and even in the international market.

In the meantime, the Company made positive response to the poverty alleviation policy of the Chinese government by fulfilling the social responsibilities of the Group. The Group intended to establish a joint venture with Lianggang Town Dalan Village Committee in Yi County, Baoding, Hebei Province. Dalan Village is a fixed-point poverty alleviation work village of Chinese Navy. The joint venture will principally engage in research, production and sales of agriculture, animal husbandry and cultivation including ecological livestock, poultry and related by-products. The joint venture project is currently under aggressive negotiation which, once materialised, will diversify the Company's business portfolio.

As for its financing activities, the Company, following its private placement of an additional 92,000,000 H shares in the first half with the proceeds of HK\$30,360,000, is currently undertaking another issuance of 92,000,000 new H shares, which is expected to be completed by the end of the year with an estimated amount of HK\$23,000,000 to be raised. The proceeds from such issuance will greatly replenish the operating cash flow of the Company, thus laying a solid foundation for the operating results of the Company in 2017. The Company will continue to attract more investors and seek for more funds to facilitate the successful development of its business according to the progress of the new business as and when appropriate.

The Group has achieved initial success in strategic transformation in 2016. The Company will continue to accelerate the restructuring and transformation of its products in the last quarter in order to enhance the profit potential and development of the Company. The Board and management of the Company will redouble their 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 30 September 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 4)
Mr. Xiao Bing (肖兵先生)	Interest in controlled corporation	328,363,637 (Note 1)	37.09%	22.82%	21.45%
Mr. Chen Ji (陳繼先生)	Spouse interest	189,844,804 (Note 2)	21.44%	13.19%	12.40%
Mr. Zuo Hong (左宏先生)	Interest in controlled corporation	75,064,706 (Note 3)	8.48%	5.22%	4.90%

Long positions in H shares of the Company (“H Shares”)

Name of person	Capacity	Number of H Shares	Approximate	Approximate	Approximate	Approximate
			% in total issued H Shares	% in total issued Shares	% in enlarged issued H Shares	% in enlarged issued Shares
Mr. Chen Ji (陳繼先生)	Beneficial owner	53,500,000	9.66%	3.72%	8.28%	3.49%

(Note 4)

Notes:

- 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.
- 189,844,804 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 189,844,804 Domestic Shares.
- 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.
- 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 August 2016). The general mandate is subject to approvals of China Securities Regulatory Commission and the Stock Exchange.

Saved as disclosed above, as at 30 September 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 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 30 September 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 10)
Tian An Investment	Beneficial owner	328,363,637 (Note 1)	37.09%	22.82%	21.45%
Professor Xiao Liangyong (肖良勇教授)	Parties acting in concert	328,363,637 (Note 1)	37.09%	22.82%	21.45%
Ms. Yao Wenli (姚文俐女士)	Interest in controlled corporation	328,363,637 (Note 1)	37.09%	22.82%	21.45%
Gaoxiang Investment	Beneficial owner	189,844,804 (Note 2)	21.44%	13.19%	12.40%
Ms. Sun Xiangjun (孫湘君女士)	Interest in controlled corporation	189,844,804 (Note 2)	21.44%	13.19%	12.40%
Ms. Gao Xuejuan (高雪娟女士)	Interest in controlled corporation	189,844,804 (Note 2)	21.44%	13.19%	12.40%

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 10)
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%	6.94%	6.53%
Shenzhen Huitai	Beneficial owner	75,064,706 (Note 3)	8.48%	5.22%	4.90%
Ms. Yi Li (易麗女士)	Interest in controlled corporation	75,064,706 (Note 3)	8.48%	5.22%	4.90%
Xi'an Haorun Investment Ltd.* (西安昊潤投資有限責任公司)	Beneficial owner	70,000,000 (Note 4)	7.91%	4.86%	4.57%
Mr. Wang Yun (王贇先生)	Interest in controlled corporation	70,000,000 (Note 4)	7.91%	4.86%	4.57%
Beijing Holdings Investment Management Co., Ltd.* (北京京泰投資管理中心)	Beneficial owner	54,077,941 (Note 5)	6.11%	3.76%	3.53%
Beijing Holdings (Group) Ltd.* (京泰實業(集團)有限公司)	Interest in controlled corporation	54,077,941 (Note 5)	6.11%	3.76%	3.53%
Shaanxi Yinji Investment Ltd.* (陝西銀吉投資有限公司)	Beneficial owner	20,000,000	2.26%	1.39%	1.31%
Hongshi (Shanghai) Investment Consultancy Ltd.* (宏獅(上海)投資諮詢有限公司)	Beneficial owner	18,500,000	2.09%	1.29%	1.21%
Shanghai Maokou Commerce and Trading Ltd.* (上海睿寇商貿有限公司)	Beneficial owner	18,500,000	2.09%	1.29%	1.21%
Mr. Jiao Chengyi (焦成義先生)	Beneficial owner	10,943,030	1.24%	0.76%	0.71%

Long positions in H Shares

Name of shareholder	Capacity	Number of H Shares (Note 6)	Approximate % in total issued H Shares	Approximate % in total issued Shares	Approximate % in enlarged issued H Shares	Approximate % in enlarged issued Shares (Note 10)
Ms. Chen Wei (陳瓊女士)	Interest in controlled corporation	143,276,000 (Note 7)	25.87%	9.96%	22.19%	9.36%
Hongkong Jinsheng Enterprise Co., Limited (香港錦昇企業有限公司)	Beneficial owner	77,000,000 (Note 7)	13.90%	5.35%	11.93%	5.03%
Zeal Warrior Investments Limited	Interest in controlled corporation	66,276,000 (Note 7)	11.97%	4.61%	10.26%	4.33%
Oceanic Bliss Holdings Limited (海祥控股有限公司)	Beneficial owner	66,276,000 (Note 7)	11.97%	4.61%	10.26%	4.33%
Auspicious Zone Investments Limited (彩域投資有限公司)	Beneficial owner	90,000,000 (Note 8)	16.25%	6.25%	13.94%	5.88%
Sure Rosy Global Investments Limited (順盛環球投資有限公司)	Interest in controlled corporation	90,000,000 (Note 8)	16.25%	6.25%	13.94%	5.88%
Mr. Wang Mingyue (王明月先生)	Interest in controlled corporation	90,000,000 (Note 8)	16.25%	6.25%	13.94%	5.88%
Clear Renown Global Limited (朗譽環球有限公司)	Beneficial owner	42,000,000 (Note 9)	7.58%	2.92%	6.50%	2.74%
Creative Eagle Holdings Limited (創鷹控股有限公司)	Interest in controlled corporation	42,000,000 (Note 9)	7.58%	2.92%	6.50%	2.74%
Mr. Zhang Qin (張勤先生)	Interest in controlled corporation	42,000,000 (Note 9)	7.58%	2.92%	6.50%	2.74%
Huang Li Hou (黃李厚)	Beneficial owner	32,320,000	5.84%	2.25%	5.00%	2.11%

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. 189,844,804 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 189,844,804 Domestic Shares.
3. 75,064,706 Domestic Shares are held by Shenzhen Huitai, which is beneficially owned by Mr. Zuo Hong and Ms. Yi Li in equal share. By virtue of the SFO, Ms. Yi Li is deemed to be interested in the same 75,064,706 Domestic Shares.
4. 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.
5. 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.
6. 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 all updated notice pursuant to the SFO from them.
7. 46,276,000 H Shares are held by and 20,000,000 H Shares are to be issued and allotted under general mandate (more particularly described in the announcement of the Company dated 21 August 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 66,276,000 H Shares. Ms. Chen Wei is beneficial owner of Hongkong Jinsheng Enterprise Co., Limited, by which 77,000,000 H Shares are held, and Zeal Warrior. By virtue of the SFO, Ms. Chen Wei is deemed to be interested in the same 143,276,000 H Shares.

8. 60,000,000 H Shares are held by and 30,000,000 H Shares are to be issued and allotted under general mandate (more particularly described in the announcement of the Company dated 21 August 2016) to 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 90,000,000 H Shares.
9. 42,000,000 H Shares are to be issued and allotted under general mandate (more particularly described in the announcement of the Company dated 21 August 2016) to Clear Renown Global Limited, which is beneficially owned by Creative Eagle Holdings Limited (“**Creative Eagle**”). Mr. Zhang Qin is beneficial owner of Creative Eagle. By virtue of the SFO, each of Creative Eagle and Mr. Zhang Qin is deemed to be interested in the same 42,000,000 H Shares.
10. 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 August 2016). The general mandate is subject to approvals of China Securities Regulatory Commission and the Stock Exchange.

Saved as disclosed above, as at 30 September 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 30 September 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 30 September 2016, the Audit Committee comprised of Professor Shi Ping and Mr. Laio Kang, independent non-executive Directors, and Ms. Huang Jing, a non-executive Director. The Group’s unaudited consolidated results for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2016.

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

Xi'an, the PRC, 4 November 2016

As at the date of this report, the Board comprises Mr. Chen Ji (陳繼先生) and Mr. Xiao Bing (肖兵先生) 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 Mr. Laio Kang (廖康先生) being independent non-executive Directors.