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If you have sold or transferred all your shares in Haitian International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 1882)

**CONTINUING CONNECTED TRANSACTIONS
PURCHASE OF SERVO SYSTEMS,
LINEAR MOTION GUIDES, BALL SCREWS AND
HYDRAULIC MOTORS**

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



A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular. A letter from China Merchants Securities setting out its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 21 of this circular.

A notice convening the EGM to be held at 3/F, Conference Room, Haitian Garden, 1068 Jiangnan East Road, Beilun District, Ningbo, Zhejiang Province, China on Tuesday, 20 December 2011 at 10:00 a.m., is set out on pages 27 to 28 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

22 November 2011

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DEFINITIONS

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

“associate(s)”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	Haitian International Holdings Limited, a limited liability company incorporated in the Cayman Islands;
“connected person”	has the meaning as defined in the Listing Rules;
“continuing connected transaction”	has the meaning as defined in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the New Framework Agreement and the related annual caps;
“Group”	the Company and its subsidiaries;
“Haitian Plastics Machinery”	海天塑機集團有限公司 (Haitian Plastics Machinery Group Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“HDS”	寧波海天驅動有限公司 (Ningbo Haitian Drive Systems Co., Ltd.*) (previously known as 寧波海天電機有限公司 (Ningbo Haitian Electric Machinery Co., Ltd.*)), a limited liability company incorporated in the PRC and a connected person of the Company;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders in respect of the New Framework Agreement, the Purchase and there lated annual caps;
“Independent Financial Adviser” or “China Merchants Securities”	China Merchants Securities (HK) Co., Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Framework Agreement and the related proposed annual caps;
“Independent Shareholders”	the shareholders of the Company other than Mr. Zhang Jingzhang, the Chairman, and his associates who are required to abstain from voting on the resolutions to approve the New Framework Agreement, the Purchase and there lated annual caps at the EGM pursuant to the Listing Rules;
“Latest Practicable Date”	15 November 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Framework Agreement”	the agreement dated 28 October 2011 entered into between Haitian Plastics Machinery as purchaser and HDS as vendor for the purchase of servo systems, linear motion guides, ball screws and hydraulic motors for a term of three years commencing on 1 January 2012 and ending on 31 December 2014;
“Ningbo Haitian”	寧波海天股份有限公司 (Ningbo Haitian Group Co., Ltd.*), a limited liability company incorporated in the PRC;

DEFINITIONS

“Old Framework Agreement”	the agreement dated 20 January 2009 entered into between Haitian Plastics Machinery and HDS for the purchase of servo systems for a term ending on 31 December 2011;
“PIMMs”	plastic injection moulding machineries;
“PRC”	the People’s Republic of China;
“Purchase”	the purchase of the servo systems, linear motion guides, ball screws and hydraulic motors under the New Framework Agreement;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

* *For identification purpose only.*



HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 1882)

Executive Directors:

Mr. ZHANG Jingzhang (*Chairman*)
Mr. ZHANG Jianming (*Chief Executive Officer*)
Prof. Helmut Helmar FRANZ
Mr. ZHANG Jianguo
Mr. ZHANG Jianfeng
Mr. GUO Mingguang
Mr. LIU Jianbo
Ms. CHEN Ningning

Non-Executive Director:

Mr. HU Guiqing

Independent Non-Executive Directors:

Mr. PAN Chaoyang (*Audit Committee*)
Mr. GAO Xunxian (*Audit Committee*)
Mr. DAI Xiangbo (*Audit Committee*)
Dr. Steven CHOW

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in China:

No. 32-35, Central Jiangnan Road,
Ningbo 315821, Zhejiang
China

*Principal place of business
in Hong Kong:*

Unit 1105, Level 11
Metro plaza, Tower 2
223 Hing Fong Road
Kwai Fong, N.T.
Hong Kong

22 November 2011

To the Shareholders,

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
PURCHASE OF SERVO SYSTEMS,
LINEAR MOTION GUIDES, BALL SCREWS AND
HYDRAULIC MOTORS**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 January 2009 and the circular dated 10 February 2009 in relation to the continuing connected transaction of the Company to purchase servo systems from HDS under the Old Framework Agreement. The relevant transaction was approved by the independent shareholders of the Company at an extraordinary general meeting held on 26 February 2009.

LETTER FROM THE BOARD

As the Old Framework Agreement will expire on 31 December 2011, the Company has on 28 October 2011 entered into the New Framework Agreement with HDS in relation to the purchase of servo systems, linear motion guides, ball screws and hydraulic motors for a term of three years commencing on 1 January 2012 and ending on 31 December 2014.

2. PARTICULARS OF THE NEW FRAMEWORK AGREEMENT

Parties

HDS (as vendor); and

Haitian Plastics Machinery, an indirect wholly owned subsidiary of the Company (as purchaser).

HDS and its subsidiaries are engaged in the design, development, manufacture and sale of servo systems, industrial manipulators, hydraulic products and other industrial automation machinery tools including linear motion guides and ball screws.

The Group is principally engaged in the design, development, manufacture and sale of PIMMs and related parts. Haitian Plastics Machinery is a major operating subsidiary of the Company engaged in the production and sales of PIMMs.

Date

28 October 2011

Principal Terms

HDS will sell and it will procure its subsidiaries and associates to sell servo systems, linear motion guides, ball screws and hydraulic motors to Haitian Plastics Machinery or other members of the Group subject to entering into separate sale and purchase contracts as agreed between (1) Haitian Plastics Machinery or other member of the Group and (2) HDS or its subsidiary or associate. The terms of such sale and purchase contracts should be fair and reasonable to both parties and no less favourable than the terms at which HDS offers to independent third parties for the same or similar products.

The consideration will be settled in cash within 90 days after account entry for goods delivered shall have been made by the Group or by bank drafts payable in six months.

The term of the New Framework Agreement is from 1 January 2012 to 31 December 2014.

Haitian Plastics Machinery is under no obligation to purchase any specific amount of servo systems, linear motion guides, ball screws or hydraulic motors from HDS and has the right to purchase such products from other third parties as it deems fit.

LETTER FROM THE BOARD

Pricing Principle

The prices of the servo systems, linear motion guides, ball screws and hydraulic motors will be determined by reference to the prices at which comparable types of servo systems, linear motion guides, ball screws and hydraulic motors are sold by HDS to independent third parties and HDS has agreed that such prices would not be higher than the prices of comparable types of servo systems, linear motion guides, ball screws and hydraulic motors manufactured by independent third parties which can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group.

Condition Precedent

The Purchase is conditional upon the Company's compliance with the applicable requirements of the Listing Rules for the Purchase including obtaining the Company's independent shareholders' approval at the EGM.

Proposed Annual Caps

The table below summaries the existing cap amounts for the purchase of servo systems under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the financial year ending 31 December 2011:

	Financial years ended/ending 31 December		
	2009	2010	2011
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing cap amounts	313	472	666

The table below summaries the actual transaction amounts of the purchase of servo systems under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the six months ended 30 June 2011:

	Financial years ended		Six months
	31 December		ended 30 June
	2009	2010	2011
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Actual transaction amounts	195.4	436.3	319.3

LETTER FROM THE BOARD

The Directors expect that, pursuant to the New Framework Agreement, for the three financial years ending 31 December 2012, 2013 and 2014, the aggregate amount of the Purchase shall not exceed the annual caps set out below:

	Annual caps for the financial year ending 31		
	December		
	2012	2013	2014
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of servo systems, linear motions guides, ball screws and hydraulic motors	866	1,062	1,210

The above annual caps have been determined with reference to (i) the actual transaction amounts under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the six months ended 30 June 2011; (ii) the expected growth of the business of the Group from 1 January 2012 to 31 December 2014; (iii) the expected growth of sales of the Group's Mars series energy-saving PIMMs and Venus series all-electric PIMMs and their respective next-generation models from 1 January 2012 to 31 December 2014; and (iv) the growth in proportion of local sourcing in the PRC for the Group.

3. REASONS FOR AND BENEFITS OF THE PURCHASE

The Group has been purchasing servo systems from HDS since 2009 and the qualities of the servo systems supplied by HDS have consistently met the Group's requirements. The servo systems supplied by HDS are one of the core components in the Group's Mars series energy-saving PIMMs and its next generation and it can also supplement the same systems installed in the Group's Venus series all-electric PIMMs. As the sales of these products are expected to continue to contribute substantially to the sales of the Group, it is vital that the Group is able to secure supply of such core components from a reliable supplier such as HDS. HDS has agreed that the prices of its servo systems supplied to the Group will not be higher than the prices of comparable types of servo systems manufactured by independent third parties which can meet the specifications required by the Group's PIMMs and of satisfactory quality accepted by the Group.

With the strong momentum in sales of the Group's Venus series all-electric PIMMs, the management considers the scale and pricing of linear motion guides and ball screws imported from overseas suppliers can no longer match the development planning of the Group's all-electric PIMMs and to increase the supply from domestic suppliers in the PRC is important and a necessary strategic move. Hydraulic motor is also a key component in the production of the Group's PIMMs and to include HDS, which has been able to consistently meet the Group's requirements of both quantity and quality of parts and components, as a new supplier of such hydraulic motors is considered a strategy move to secure a stable and reliable source of key components of the Group. HDS has agreed that the prices of its linear motion guides, ball screws and hydraulic motors supplied to the

LETTER FROM THE BOARD

Group will not be higher than the prices of comparable types of linear motion guides, ball screws and hydraulic motors manufactured by independent third parties which can meet the specifications required by the Group's PIMMs and of satisfactory quality accepted by the Group.

4. LISTING RULES IMPLICATIONS

HDS is owned as to 100% by Ningbo Haitian. Mr. Zhang Jingzhang, the Chairman of the Board, and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, both executive Directors and sons of Mr. Zhang Jingzhang, and Mr. Guo Mingguang and Mr. Liu Jianbo, both executive Directors and the son-in-laws of Mr. Zhang Jingzhang) are interested in 54.42% equity interest in Ningbo Haitian. Pursuant to Rule 14A.11(4) of the Listing Rules, HDS is a connected person of the Company and the Purchase will constitute a continuing connected transaction of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Purchase are higher than 5% on an annual basis, the Purchase will be subject to the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

The following Directors, including Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Zhang Jianguo, Ms. Chen Ningning and Mr. Hu Guiqing, who have material interests in the Purchase, had abstained from voting on the resolution of the Board to approve the Purchase.

5. EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

A notice convening the EGM to be held at 3/F, Conference Room, Haitian Garden, 1068 Jiangnan East Road, Beilun District, Ningbo, Zhejiang Province, China on Tuesday, 20 December 2011 at 10:00a.m., is set out on pages 27 to 28 of this circular at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the New Framework Agreement, the Purchase and the related annual caps.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

The parties set out below are required to abstain from voting on the resolution(s) approving the New Framework Agreement, the Purchase and the related annual caps at the EGM under the Listing Rules:

- Sky Treasure Capital Limited, the controlling shareholder (as defined in the Listing Rules) of the Company which holds 1,036,853,370 (approximately 64.97%) issued shares of the Company;

LETTER FROM THE BOARD

- Mr. Zhang Jianming, an executive Director, who directly holds 5,000,000 (approximately 0.31%) issued shares of the Company; and
- Mr. Liu Jianbo, an executive Director, who directly holds 295,000 (approximately 0.018%) issued shares of the Company.

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all four independent non-executive Directors has been formed to consider the terms of the New Framework Agreement and the Purchase and the related annual caps. China Merchants Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on such matters.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors whose view is based on advice from the Independent Financial Adviser) are of the view that the Purchase is in the ordinary course of business, on normal commercial terms which were arrived at after arm's length negotiations and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Framework Agreement, the Purchase and the related annual caps.

8. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 10 to 11 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter from China Merchants Securities as set out on pages 12 to 21 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Agreement, the Purchase and the related annual caps.

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

Yours faithfully,
Haitian International Holdings Limited
Zhang Jingzhang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the New Framework Agreement, the Purchase and there lated annual caps, which has been prepared for the purpose of inclusion in this circular.



HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 1882)

22 November 2011

To the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS PURCHASE OF SERVO SYSTEMS, LINEAR MOTION GUIDES, BALL SCREWS AND HYDRAULIC MOTORS

INTRODUCTION

We refer to a circular (the “Circular”) of the Company dated 22 November 2011 of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise you whether the terms of the New Framework Agreement is fair and reasonable, whether the Purchase is in the interests of the Company and its shareholders as a whole and to advise the shareholders on how to vote for there solution at the EGM. China Merchants Securities has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 4 to 9 of the Circular and the letter from China Merchants Securities as set out on pages 12 to 21 of the Circular, which contains, inter alia, its advice and recommendation regarding the terms of the New Framework Agreement with the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the New Framework Agreement and taking into account the advice and recommendation of China Merchants Securities, we are of the view that the terms of the New Framework Agreement and the related annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Purchase is on normal commercial terms and entered in the ordinary and usual course of business of the Company. We therefore recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Framework Agreement, the Purchase and the related annual caps.

Yours faithfully,
For and on behalf of
Independent Board Committee
Mr. PAN Chaoyang
Mr. GAO Xunxian
Mr. DAI Xiangbo
Dr. Steven CHOW
Independent non-executive Directors

LETTER FROM CHINA MERCHANTS SECURITIES

The following is the text of a letter from China Merchants Securities for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the continuing connected transactions contemplated under the New Framework Agreement.



48th Floor,
One Exchange Square,
Central,
Hong Kong

22 November 2011

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms (including the relevant proposed annual caps) for the New Framework Agreement, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular dated 22 November 2011 (the "Circular") issued by the Company to the Shareholders, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 28 October 2011, Haitian Plastics Machinery, an indirectly wholly owned subsidiary of the Company entered into the New Framework Agreement with HDS relating to the purchase of servo systems, linear motion guides, ball screws and hydraulic motors for a term commencing from 1 January 2012 and ending on 31 December 2014. As at the Latest Practicable Date, HDS is owned as to 100% by Ningbo Haitian. Mr. Zhang Jingzhang, the Chairman of the Board, and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, both executive Directors and sons of Mr. Zhang Jingzhang, and Mr. Guo Mingguang and Mr. Liu Jianbo, both executive Directors and the son-in-laws of Mr. Zhang Jingzhang) are interested in 54.42% equity interest in Ningbo Haitian. Under Rule 14A.11(4) of the Listing Rules, HDS is a connected person of the Company and the Purchase constitutes a continuing connected transaction of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Purchase are higher than 5% on an annual basis, the Purchase will be subject to the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules. At the EGM convened for the purpose of approving, among other things, the New Framework Agreement and the continuing connected transactions contemplated thereunder, Mr. Zhang Jingzhang and his associates will abstain from voting on the ordinary resolution.

LETTER FROM CHINA MERCHANTS SECURITIES

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the Company's four independent non-executive Directors, namely Mr. Pan Chaoyang, Mr. Gao Xunxian, Mr. Dai Xiangbo and Dr. Steven Chow, has been formed to consider and advise, among other things, the Independent Shareholders whether the terms (including the relevant proposed annual caps) of the New Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the New Framework Agreement is in the interests of the Company and the Independent Shareholders as a whole. China Merchants Securities have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our advice and opinion, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed to us, by the Company, its Directors and its management. We have assumed that all information, facts, statements of belief, opinions and intentions and representations made to us by the Directors or referred to in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have also assumed that all information, representations and opinions made or referred to in the Circular and provided to us by the Company, its Directors and its management, for which they were solely and wholly responsible, were true, accurate and complete at the time they were made and continued to be true, accurate and complete at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company, its Directors and its management and have been advised by the Directors that they have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular, and have confirmed that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all policies/statement of intentions as advised by the Directors as set out in this letter and the Circular will be implemented.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted any form of in-depth investigation into the business affairs, financial position and future prospects of the Group and HDS, nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Company, HDS, and their respective directors and management.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent advice to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background to and reasons for entering into the New Framework Agreement

Reference is made to the circular dated 10 February 2009 issued by the Company in relation to the continuing connected transaction of the Company to purchase servo systems from HDS (previously known as 寧波海天電機有限公司 (Ningbo Haitian Electric Machinery Co., Ltd.*)) under the Old Framework Agreement. The relevant transaction was approved by the then independent shareholders of the Company at an extraordinary general meeting held on 26 February 2009, and the Old Framework Agreement will expire on 31 December 2011.

We are advised by the Directors that given the Company intends to continue its business relationship with HDS and to purchase servo systems, liner motion guides, ball screws and hydraulic motors from HDS after the expiry of the Old Framework Agreement, the Company has on 28 October 2011 entered into the New Framework Agreement with HDS in relation to the purchase of servo systems, liner motion guides, ball screws and hydraulic motors for a term of three years commencing on 1 January 2012 and ending on 31 December 2014.

The Group is principally engaged in the design, development, manufacture and sale of PIMMs and related parts. Haitian Plastics Machinery is a major operating subsidiary of the Company engaged in production and sales of PIMMs.

HDS and its subsidiaries are engaged in the design, development, manufacture and sale of servo systems, industrial manipulators, hydraulic products and other industrial automation machinery tools including linear motion guides and ball screws.

As stated in the Letter from the Board, the Group has been purchasing servo systems from HDS since 2009 and the qualities of the servo systems supplied by HDS have consistently met the Group's requirements. The servo systems supplied by HDS are one of the core components in the Group's Mars series energy-saving PIMMs and its next generation and it can also supplement the same systems installed in the Group's Venus series all-electric PIMMs. As the sales of these products are expected to continue to contribute substantially to the sales of the Group, it is vital that the Group is able to secure supply of such core components from a reliable supplier such as HDS. In addition, with the strong momentum in sales of the Group's Venus series all-electric PIMMs, the management considers the scale and pricing of linear motion guides and ball screws imported from overseas suppliers can no longer match the development planning of the Group's all-electric PIMMs and to increase the supply from domestic suppliers in the PRC is important and a necessary strategic move. For hydraulic motor, it is a key component in the production of the Group's PIMMs and to include HDS, which has been able to consistently meet the Group's requirements of both quantity and quality of parts and components, as a new supplier of such hydraulic motors is considered a strategy move to secure a stable and reliable source of key components of the Group.

* For identification purpose only

LETTER FROM CHINA MERCHANTS SECURITIES

Having considered that (i) Mars series energy-saving PIMMs accounted for 68.4% of the Group's total sales in 2010 and the sales of Venus series all-electric PIMMs increased by 304.7% in 2010; (ii) the servo systems, linear motion guides, ball screws and hydraulic motors are components in the productions of the Group's PIMMs including Mars series energy-saving PIMMs and Venus series all-electric PIMMs; (iii) the qualities of the servo systems supplied by HDS under the Old Framework Agreement have consistently met the Group's requirements; and (iv) HDS has agreed that the prices of its servo systems, linear motion guides, ball screws and hydraulic motors supplied to the Group will not be higher than the prices of comparable types of servo systems, linear motion guides, ball screws and hydraulic motors manufactured by independent third parties which can meet the specifications required by the Group's PIMMs and of satisfactory quality accepted by the Group, we concur with the Directors' view that the entering into of the New Framework Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

2. The New Framework Agreement

2.1 *Principal terms*

Pursuant to the New Framework Agreement, HDS will sell and it will procure its subsidiaries and associates to sell servo systems, linear motion guides, ball screws and hydraulic motors to Haitian Plastics Machinery or other members of the Group subject to entering into separate sale and purchase contracts as agreed between (1) Haitian Plastics Machinery or other member of the Group and (2) HDS or its subsidiary or associate. The terms of such sale and purchase contracts should be fair and reasonable to both parties and no less favourable than the terms at which HDS offers to independent third parties for the same or similar products. In addition, Haitian Plastics Machinery is under no obligation to purchase any specific amount of servo systems, linear motion guides, ball screws or hydraulic motors from HDS and has the right to purchase such products from other third parties as it deems fit.

Payment term

The consideration will be settled in cash within 90 days after account entry for goods delivered shall have been made by the Group or by bank drafts payable in six months.

Term

The term of the New Framework Agreement is from 1 January 2012 to 31 December 2014.

Pricing principle

The prices of the servo systems, linear motion guides, ball screws and hydraulic motors will be determined by reference to the prices at which comparable types of servo systems, linear motion guides, ball screws and hydraulic motors are sold by HDS to independent third parties and HDS has agreed that such prices would not be higher than the prices of comparable types of servo systems, linear motion guides, ball screws and hydraulic motors manufactured by independent third parties which can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group.

To assess the fairness and reasonableness of the payment term and pricing principle as mentioned above, we have compared the quotations provided by HDS with those by independent suppliers for various products that the Group is going to purchase from HDS under the New Framework Agreement. We noted that the prices offered by HDS are not higher than those offered by the independent suppliers. As advised by the management of the Company, before each Purchase is made, the purchasing department of the Group will compare the price with those offered by independent suppliers. Concerning payment term, we have reviewed sample contracts of similar purchase transactions entered into between the Group and independent suppliers and noted that the payment term offered to the Group by HDS is comparable to those offered by independent suppliers.

Taking into account that (1) HDS has agreed that the prices under the New Framework Agreement would not be higher than the prices of comparable types of servo systems, linear motion guides, ball screws and hydraulic motors manufactured by independent third parties which can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group, and the purchasing department of the Group will compare such prices with those offered by independent suppliers before each Purchase is made; (2) the payment term offered to the Group by HDS is comparable to those offered by independent suppliers; and (3) the Group will not be obliged to purchase the servo system, linear motion guides, ball screws and hydraulic motors from HDS or its subsidiaries if the Group has other better offers in relation to the price or the payment term for products of similar quality, we consider that the terms of the New Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM CHINA MERCHANTS SECURITIES

2.2 Proposed annual caps

Review of historical transaction amounts

The table below summaries the existing cap amounts for the purchase of servo systems under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the financial year ending 31 December 2011:

	Financial years ended/ending 31 December		
	2009	2010	2011
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing cap amounts	<u>313</u>	<u>472</u>	<u>666</u>

The table below summaries the actual transaction amounts of the purchase of servo systems under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the six months ended 30 June 2011:

	Financial years ended		Six months
	31 December		ended
	2009	2010	30 June
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Actual transaction amounts	<u>195.4</u>	<u>436.3</u>	<u>319.3</u>

As stated in the Letter from the Board, the Directors expect that, pursuant to the New Framework Agreement, for the three financial years ending 31 December 2012, 2013 and 2014, the aggregate amount of the Purchase shall not exceed the annual caps set out below:

	Annual caps for the		
	financial years ending 31 December		
	2012	2013	2014
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of servo systems, linear motions guides, ball screws and hydraulic motors	<u>866</u>	<u>1,062</u>	<u>1,210</u>

LETTER FROM CHINA MERCHANTS SECURITIES

When determining the above annual caps, the Directors have made reference to (i) the actual transaction amounts under the Old Framework Agreement for the two financial years ended 31 December 2009 and 2010 and the six months ended 30 June 2011; (ii) the expected growth of the business of the Group from 1 January 2012 to 31 December 2014; (iii) the expected growth of sales of the Group's Mars series energy-saving PIMMs and Venus series all-electric PIMMs and their respective next-generation models from 1 January 2012 to 31 December 2014; and (iv) the growth in proportion of local sourcing in the PRC for the Group.

Assessment of the proposed annual caps

In order to consider the fairness and reasonableness of the proposed annual caps, we have:

- (i) reviewed the growth rate of the Group's sales for the four years ending 31 December 2011 according to the audited sale figures of 2008, 2009 and 2010 and the estimated sale figures of the Group for the year ending 31 December 2011 based on its interim report for six months ended 30 June 2011, where the Group's sales recorded a compound average growth rate (CAGR) of approximately 38.2% for the three years ended 31 December 2010, and the Group's sales increased by approximately 14.8% for the six months ended 30 June 2011 compared with the corresponding period in 2010;
- (ii) discussed with the management of the Company and compared the Group's estimated sales for the three years ending 31 December 2014 with its historical sales growth rate taking into account the Group's additional capacity from its newly acquired factory in Ningbo Export Processing Zone and its new factory in Vietnam in 2011, where we are advised by the management of the Company that the Group's sales growth for the three years ending 31 December 2014 is expected to stabilize from the rapid growth recorded during the three years ended 31 December 2010 when the economy in the PRC recovered strongly from the financial crisis in 2009 and 2010, and we found that the Group's estimated growth rate of its total sales for the three years ending 31 December 2014 is closer to the Group's sales growth for the six months ended 30 June 2011 than its CAGR for the three years ended 31 December 2010, which is reasonable taking into account that the Group's expected sales growth for the three years ending 31 December 2014 would be mainly driven by organic growth and the additional capacity from its newly acquired factory in Ningbo Export Processing Zone and its new factory in Vietnam in 2011, which, when operating at full capacity, would expand its overall capacity by approximately 15-20% depending on the model of machines ordered by the customers of the Group;

- (iii) discussed with the management of the Company and reviewed the estimated proportion of Mars series energy-saving PIMMs with respect to the total sales of the Group for the three years ending 31 December 2014 and compared with the historical proportion and growth rate, where the sales of the Group's Mars series energy-saving PIMMs recorded a CAGR of approximately 118.0% for the three years ended 31 December 2010, and the Group's sales of Mars series energy-saving PIMMs increased by approximately 34.1% for the six months ended 30 June 2011 compared with the corresponding period in 2010, and the proportion of Mars series energy-saving PIMMs with respect to the total sales of the Group increased from 27.5% for the year ended 31 December 2008 to 75.9% for the six months ended 30 June 2011; we are advised by the management of the Company that the proportion of Mars series energy-saving PIMMs with respect to the total sales of the Group is expected to stabilize for the three years ending 31 December 2014 and the sales growth of the Group's Mars series energy-saving PIMMs is expected to be in line with the Group's total sales for the three years ending 31 December 2014;
- (iv) discussed with the management of the Company and reviewed the estimated proportion of Venus series all-electric PIMMs with respect to the total sales of the Group for the three years ending 31 December 2014 and compared with the historical proportion and growth rate, where the sales of the Group's Venus series all-electric PIMMs increased by approximately 304.7% from RMB42.5 million in 2009, the second year after its launch, to RMB172 million in 2010, and the Group's sales of Venus series all-electric PIMMs increased by approximately 78.7% for the six months ended 30 June 2011 compared with the corresponding period in 2010, and the proportion of Venus series all-electric PIMMs with respect to the total sales of the Group increased from 1.1% for the year ended 31 December 2009 to 4.0% for the six months ended 30 June 2011; we are advised by the management of the Company that the sales growth of the Group's Venus series all-electric PIMMs is expected to outpace the Group's total sales for the three years ending 31 December 2014 given that the product is in its initial fast-growing phase and the proportion of Venus series all-electric PIMMs with respect to the total sales of the Group is expected to increase accordingly for the three years ending 31 December 2014;

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- (v) reviewed the cost proportion of the servo system to the sales of the Mars series energy-saving PIMMs manufactured by the Group in 2009, 2010 and the first half of 2011, and compared with the estimated cost proportion which is used by the Directors to derive the above proposed annual caps, and found that the estimated cost proportion is comparable with the historical cost proportion;
- (vi) reviewed the cost proportion of the servo systems, linear motion guides and ball screws to the sales of the Venus series all-electric PIMMs manufactured by the Group for the nine months ended 30 September 2011, and compared with the estimated cost proportion of the servo systems, linear motion and guides, ball screws which is used by the Directors to derive above proposed annual caps, and found that the estimated cost proportion is comparable with the historical cost proportion;
- (vii) reviewed the cost proportion of the hydraulic motors to the sales of hydraulic PIMMs manufactured by the Group in 2009, 2010 and the first half of 2011, and compared with the estimated cost proportion of the hydraulic motors which is used by the Directors to derive above proposed annual caps, and found that the estimated cost proportion is comparable with the historical cost proportion; and
- (viii) discussed with the management of the Company on the expected growth in proportion of local sourcing in the PRC for the Group's production of Venus series all-electric PIMMs, where we are advised that some key parts and components of Venus series all-electric PIMMs were sourced from overseas in the past while it is expected that the proportion of local sourcing in the PRC of such key parts and components for the Group's production of Venus series all-electric PIMMs would increase gradually for the three years ending 31 December 2014 given that the technical expertise, quality and performance of local suppliers are enhancing.

Based on the above, we consider that the proposed annual cap for each of the three financial years ending 31 December 2012 in the amounts of RMB866 million, RMB1,062 million and RMB1,210 million respectively has been arrived at on an acceptable basis which is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM CHINA MERCHANTS SECURITIES

RECOMMENDATION IN RESPECT OF THE NEW FRAMEWORK AGREEMENT

Having considered the above principal factors and reasons, we consider that the New Framework Agreement is on normal commercial terms and entered into in the ordinary and usual course of business of the Group. We further consider that the terms of the New Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
China Merchants Securities (HK) Co., Limited
Tam Kin Fong
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm that, having made all reasonable enquiries, 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 facts the omission of which would make any statement in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and Chief Executive of the Company

As at Latest Practicable Date, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO")), which are 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 and short positions which he is taken or deemed to have under such provisions of SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”):

Long position in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding in the Company
Mr. Zhang Jingzhang	Corporate Interest ⁽¹⁾	1,036,853,370	64.97%
Mr. Zhang Jianming	Corporate Interest ⁽¹⁾	1,036,853,370	64.97%
	Personal Interest	5,000,000	0.31%
Prof. Helmut Helmar Franz	Personal Interest	206,000	0.01%
Mr. Liu Jianbo	Personal Interest	295,000	0.02%

Notes:

- (1) Mr. Zhang Jingzhang and Mr. Zhang Jianming are deemed under the SFO to be interested in 1,036,853,370 shares of the Company held by Sky Treasure Capital Limited.

Long position in shares and underlying shares of associated corporations of the Company

Name of Director	Name of association corporations ⁽¹⁾	Capacity/Nature of interest	Approximate percentage of shareholding in the associated corporations
Mr. Zhang Jingzhang	Sky Treasure Capital Limited ("Sky Treasure")	Corporate ⁽²⁾	14.08%
		Corporate ⁽³⁾	54.81%
Mr. Zhang Jianming	Sky Treasure	Corporate ⁽²⁾	9.55%
		Corporate ⁽³⁾	54.81%
Mr. Hu Guiqing	Sky Treasure	Corporate ⁽²⁾	6.92%
Mr. Zhang Jianguo	Sky Treasure	Corporate ⁽²⁾	5.72%
Mr. Zhang Jianfeng	Sky Treasure	Corporate ⁽²⁾	5.37%
Ms. Chen Ningning	Sky Treasure	Corporate ⁽²⁾	2.98%
Mr. Guo Mingguang	Sky Treasure	Beneficiary under a trust ⁽⁴⁾	1.79%
Prof. Helmut Helmar Franz	Sky Treasure Zhafir Plastics Machinery GmbH ("Zhafir")	Corporate ⁽²⁾	0.55%
		Personal	9%
Mr. Liu Jianbo	Sky Treasure	Beneficiary under a trust ⁽⁴⁾	1.49%

Notes:

- (1) As at Latest Practicable Date, Sky Treasure is the holder of 64.97% of the issued share capital of the Company and Zhafir is a non wholly owned subsidiary of the Company and both are associated corporations under the SFO.
- (2) Such Directors are deemed under the SFO to be interested in shares of Sky Treasure which are held by their wholly-owned investment holding companies.
- (3) Mr. Zhang Jingzhang and Mr. Zhang Jianming are separately entitled to exercise or control the exercise of one third or more voting power in the general meetings of Cambridge Management Consultants (PTC) Ltd. and Premier Capital Management (PTC) Ltd. which are respectively the trustee of the Haitian Employee Fixed Equity Trust and Haitian Employee Discretionary Equity Trust which are interested in 14.17% and 40.64% shares in Sky Treasure respectively. Accordingly, they are deemed under SFO to be interested in such shares in Sky Treasure.
- (4) Such Directors are beneficiaries under a trust which is interested in 14.17% shares of Sky Treasure.

Save as disclosed above, as at Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Substantial Shareholders

As at Latest Practicable Date, the persons (not being a Director or chief executive of the Company) or corporations who have interests or short positions in the shares, underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name of Shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding
Sky Treasure Capital Limited	Beneficial owner	1,036,853,370(L)	64.97%
Premier Capital Management (PTC) Ltd.	Interest in a controlled corporation ⁽¹⁾	1,036,853,370(L)	64.97%

(L) denotes a long position

Notes:

(1) Premier Capital Management (PTC) Ltd. is deemed under the SFO to be interested in 1,036,853,370 shares held by Sky Treasure Capital Limited as at Latest Practicable Date.

Save as disclosed above, as at Latest Practicable Date, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

As at the Latest Practicable Date, Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianguo, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo and Ms. Chen Ningning, executive Directors, and Mr. Hu Guiqing, a non-executive Director, are directors of Sky Treasure Capital Limited and Premier Capital Management (PTC) Ltd..

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had an interest in a business, which competes or may compete with the businesses of the Company and any other conflicts of interest which any such person has or may have with the Company.

6. DIRECTORS INTERESTS' IN ASSETS

Save as:

- acquisition of 100% equity interest in the share capital of 寧波出口加工區海天精工機械有限公司 (Ningbo Export Processing Zone Haitian Precision Machinery Co., Ltd.*) by the Group from Ningbo Haitian and Anson Asia (Hong Kong) Limited for a consideration of approximately RMB185.2 million (please refer to the announcement of the Company dated 7 April 2011);
- purchase of Computer Numerically Controlled turning machines and machining centres by the Group from Ningbo Haitian Precision Machinery Co., Ltd., a subsidiary of Ningbo Haitian, for a consideration of approximately RMB63,080,000 (please refer to the announcement of the Company dated 28 April 2011);
- disposal of 100% equity interest in the registered capital of Haitian Guo Hua (Dalian) Plastics Machinery Co., Ltd. (海天國華(大連)塑料機械有限公司) by the Group to Ningbo Haitian Precision Machinery Co., Ltd. for a consideration of approximately RMB107.8 million (please refer to the announcement of the Company dated 21 October 2011);
- purchase of servo systems by the Group from HDS for approximately RMB559.3 million under the Old Framework Agreement;
- purchase of linear motion guides by the Group from HDS for approximately RMB1.7 million;
- the lease of premises by the Group from Ningbo Haitian and its subsidiary for an aggregate consideration of approximately RMB1.0 million;
- the lease of premises by the Group to Ningbo Haitian and its subsidiaries for an aggregate consideration of approximately RMB0.9 million;

none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

7. DIRECTORS INTERESTS' IN CONTRACTS

Save as disclosed in this circular, there was no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse changes in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated accounts of the Group were made up.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
China Merchants Securities	a licensed corporation under the SFO authorized to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

China Merchants Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, China Merchants Securities did not have any beneficial shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

China Merchants Securities has no direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired or disposed of or leased since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up, and up to the date of this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following document will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 1105, Level 11, Metroplaza, Tower 2, 223 Hing Fong Road, Kwai Fong, N.T. Hong Kong, Hong Kong from the date of this circular up to and including 7 December 2011:

- (a) the New Framework Agreement.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 1882)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Haitian International Holdings Limited (the “Company”) will be held at 3/F, Conference Room, Haitian Garden, 1068 Jiangnan East Road, Beilun District, Ningbo, Zhejiang Province, China on Tuesday, 20 December 2011, at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (1) the New Framework Agreement dated 28 October 2011 entered into between 海天塑機集團有限公司 (Haitian Plastics Machinery Group Co, Ltd.*) and 寧波海天驅動有限公司 (Ningbo Haitian Drive Systems Co, Ltd.*) (a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) and the continuing connected transactions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) contemplated thereunder and the related annual caps be and are hereby approved, ratified and confirmed; and
- (2) any one Director be and is hereby authorized for and on behalf of the Company to execute all the aforesaid agreement and all such other documents, instruments and agreements and to do all acts or things deemed by him/her to be necessary or expedient to implement and/or give effect to the aforesaid agreement and all transactions contemplated thereunder, and to agree to any amendment to any of the terms of such agreement which in the opinion of the Director is/are in the interests of the Company and in accordance with the Listing Rules (where relevant).”

Yours faithfully,
Haitian International Holdings Limited
Zhang Jingzhang
Chairman

Ningbo, Zhejiang, 22 November 2011

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share register, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time of the above meeting or any adjourned meeting.
3. The register of members of the Company will be closed from 15 to 20 December 2011, on which day no transfer of shares in the Company will be effected. In order to qualify for attending the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 14 December 2011 for registration.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for such purpose be deemed joint holders thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Voting of the ordinary resolution as set out in this notice will be by poll.

* *For identification purpose only.*