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## **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)**

### **CONNECTED TRANSACTION DISPOSAL OF THE EQUITY INTERESTS IN DALIAN GUO HUA**

This announcement is made in connection with the disposal of the Equity Interests in Dalian Guo Hua, which major asset is a land located at Dalian Changxing Island Industrial Zone, Liaoning Province, China, by the Group for an aggregate consideration of approximately RMB107.8 million (equivalent to approximately HK\$131.9 million). Haitian Precision, the purchaser in this transaction, is a connected person of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Disposal are higher than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

#### **A. DISPOSAL OF THE EQUITY INTERESTS**

##### **Parties to the Share Acquisition Agreement**

- (i) Haitian Plastics Machinery and Guo Hua Enterprises (as vendors); and
- (ii) Haitian Precision (as purchaser).

##### **Date of the Share Acquisition Agreement**

21 October 2011

##### **Equity Interests to be disposed**

Haitian Plastics Machinery and Guo Hua Enterprises have entered into the Share Acquisition Agreement with Haitian Precision to dispose 25% and 75% equity interests in the registered capital of Dalian Guo Hua, respectively.

Dalian Guo Hua is an investment holding entity and its major assets are a land and construction work for a factory on such land located at Dalian Changxing Island Industrial Zone, Liaoning Province, China.

### **Consideration**

The total consideration for the Disposal by Haitian Plastics Machinery and Guo Hua Enterprises to Haitian Precision is approximately RMB107.8 million (equivalent to approximately HK\$131.9 million), to be paid by Haitian Precision within 60 days after the Share Acquisition Agreement is signed.

The book value of the net assets of Dalian Guo Hua recorded in the accounts of the Group is approximately RMB94.8 million and the Group would record a profit of approximately RMB13.0 million as a result of the Disposal. The consideration for the Disposal was based on the valuation of the Equity Interests conducted by an independent appraisal firm in China and was determined on the basis of normal commercial terms following arm's length negotiations between the Group and Haitian Precision. The Company plans to use the sale proceeds as general working capital.

### **B. REASONS FOR AND BENEFITS OF THE DISPOSAL**

Dalian Guo Hua was set up by the Group in 2009 for the purpose of investment in reserved production capacity of the Group's hydraulic PIMMs for the Northern districts of China. As a result of the uncertain outlook after the continuous implementation of austerity measures by the PRC Government, the development speed of the new markets in the Northern districts was slower than anticipated. On the other hand, the location of a factory in Dalian makes it inefficient and not cost effective to manufacture products for the Group's export business and all-electric PIMMs, which are showing encouraging growth notwithstanding the global economic uncertainties, because the majority of the parts processing plants of the Group for export products and all-electric PIMMs are located in Ningbo. The Group's acquisition of a new factory in Ningbo Export Processing Zone for its export business in April this year had already added sufficient capacity to promptly seize the growth opportunity on the export markets. In line with the Group's strategy to strengthen export sales in 2011 and in view of the strong demand of the Group's all-electric PIMMs, the management considers that it would be more beneficial to the Group to dispose Dalian Guo Hua and focus on those particular growth drivers of the Group's business, utilizing synergies in Ningbo. And the Directors consider selling price of the Equity Interests is reasonable in view of the current economic environment and demand of industrial land in China.

The Directors, including the independent non-executive Directors, believe that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **C. LISTING RULES IMPLICATIONS**

Haitian Precision is owned as to approximately 51.0% by Ningbo Haitian and as to approximately 49.0% by Anson Asia. 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 and Mr. Zhang Jingzhang and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, executive Directors and his sons) are interested in 75.28% equity interest in Anson Asia. Pursuant to Rule 14A.11(4) of the Listing Rules, Haitian Precision is a connected person of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Disposal are higher than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

## **D. FURTHER INFORMATION ON THE PARTIES**

The Group is principally engaged in the design, development, manufacture and sale of plastic injection moulding machineries and related parts. Haitian Plastics Machinery and Guo Hua Enterprises are the major operating subsidiaries of the Company and they are engaged in production and sales of plastic injection moulding machineries and investment holding, respectively.

Haitian Precision is engaged in the design, development, manufacture and sale of computer numerically controlled turning machines and machining centres.

## **E. DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Anson Asia”	Anson Asia (Hong Kong) Limited, a company incorporated in Hong Kong;
“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 incorporate in the Cayman Islands;
“connected person”	has the meaning as defined in the Listing Rules;

“Dalian Guo Hua”	Haitian Guo Hua (Dalian) Plastics Machinery Co., Ltd. (海天國華(大連)塑料機械有限公司), a sino-foreign equity joint venture established in the PRC and indirect wholly owned subsidiary of the Company;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Equity Interests by Haitian Plastics Machinery and Guo Hua Enterprises to Haitian Precision;
“Equity Interests”	the 100% equity interests in the registered capital of Dalian Guo Hua;
“Group”	the Company and its subsidiaries;
“Guo Hua Enterprises”	Guo Hua Enterprises Group Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“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;
“Haitian Precision”	Ningbo Haitian Precision 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 Special Administrative Region of the PRC;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“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;
“PIMMs”	plastic injection moulding machineries;
“PRC”	the People’s Republic of China;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC; and

“Share Acquisition Agreement” the share acquisition agreement in Chinese dated 21 October 2011 entered into between Haitian Plastics Machinery and Guo Hua Enterprises as vendors and Haitian Precision as purchaser for the sale and purchase of the Equity Interests.

By order of the board of  
**HAITIAN INTERNATIONAL HOLDINGS LIMITED**  
**Mr. Zhang Jingzhang**  
*Chairman*

Ningbo, PRC, 21 October 2011

*As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jingzhang, Mr. Zhang Jianming, Prof. Helmut Helmar Franz, Mr. Zhang Jianfeng, Mr. Zhang Jianguo, Mr. Guo Mingguang, Ms. Chen Ningning and Mr. Liu Jianbo; the Non-executive Director is Mr. Hu Guiqing; and the Independent Non-executive Directors are Mr. Pan Chaoyang, Mr. Gao Xunxian, Mr. Dai Xiangbo and Dr. Steven Chow.*

*In this announcement, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of RMB0.8173 = HK\$1.00, for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into HK dollars at such rates or any other exchange rates on such date or any other date.*

\* *For identification purposes only*