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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

PURCHASE OF CNC TURNING MACHINES AND MACHINING CENTRES

This announcement is made in connection with the purchase of CNC turning machines and machining centres manufactured by Haitian Precision by the Group for an aggregate consideration of RMB78,083,600 (equivalent to approximately HK\$81,206,944). Haitian Precision is an associate of Mr. Zhang Jingzhang, Mr. Zhang Jianming and Mr. Zhang Jianfeng, all executive Directors of the Company and associates of each other due to their family relationships, and therefore is a connected person of the Company and the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

A. PURCHASE OF CNC TURNING MACHINES AND MACHINING CENTRES

Parties to the Machinery Equipment Purchase Agreements

- (i) Haitian Precision (as vendor); and
- (ii) Haitian Shili and Wuxi Haitian (respectively as purchaser).

Date of the Machinery Equipment Purchase Agreements

25 September 2007.

Machinery equipment to be purchased

Haitian Shili and Wuxi Haitian have separately entered into the Machinery Equipment Purchase Agreements with Haitian Precision to purchase CNC turning machines and machining centres manufactured by Haitian Precision. Such CNC turning machines and machining centres will be used for the processing of parts and components for the manufacture of plastic injection moulding machines by the Group.

Consideration

The total consideration for the purchase of the CNC turning machines and machining centres by Haitian Shili and Wuxi Haitian is RMB78,083,600 (equivalent to approximately HK\$81,206,944), to be paid by installments for each CNC turning machine and machining centre. The payment for each CNC turning machine and machining centre is by installment payments as follows:

- 30% of the purchase price of each CNC turning machine and machining centre will be paid within 30 working days of the effective date of the relevant Machinery Equipment Purchase Agreement;
- 60% of the purchase price of each CNC turning machine and machining centre will be paid within 7 working days of delivery of the relevant equipment; and
- 10% of the purchase price of each CNC turning machine and machining centre will be paid within 30 working days of delivery and subsequent inspection of the respective equipment.

The consideration for the purchase of the CNC turning machines and machining centres was based on the fair market value of the CNC turning machines and machining centres and was determined on the basis of normal commercial terms following arm's length negotiations between the Group and Haitian Precision and on rates no less favourable than those offered by independent third parties.

The consideration for the purchase of the CNC turning machines and machining centres shall be paid out of the internal resources of the Company.

Effectiveness and Condition Precedent

The purchase of the CNC turning machines and machining centres is conditional upon the Company's compliance with the application requirements of the Listing Rules for the Purchase.

Subject to the fulfillment of the condition precedent mentioned above, the Purchase will be conducted according to the delivery schedule for each CNC turning machine and machining centre agreed between the parties.

B. REASONS FOR AND BENEFITS OF THE PURCHASE

The Group had purchased CNC turning machines and machining centres from Haitian Precision in the past for processing of parts and components for the manufacture of plastic injection moulding machines by the Group. To meet increasing demand of the plastic injection moulding machines of the Group and in line with the strategy of the Group in raising its production capacity, the Group has commenced production at its Wuxi facility at the end of 2006. The Directors consider the time and procedures required for importing CNC turning machines and machining centres from overseas manufacturers is not efficient and cost effective, especially in view of the consistently improving

quality of similar domestic products and their better affordability as compared to the products of foreign competitors. The CNC turning machines and machining centres of Haitian Precision have consistently been able to meet the requirements of the Group.

The Directors, including the independent non-executive Directors, believe that the Purchase 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 37.0% by Ningbo Haitian and as to approximately 63.0% by Anson Asia. Anson Asia is a wholly owned subsidiary of Long Harvest. Mr. Zhang Jingzhang, Mr. Zhang Jianming and Mr. Zhang Jianfeng, each of whom is an associate of the others due to their family relationships and all executive Directors, collectively hold approximately 46.5% and 52.0% equity interests in Ningbo Haitian and Long Harvest, respectively. Accordingly, Haitian Precision is an associate of each of Mr. Zhang Jingzhang, Mr. Zhang Jianming and Mr. Zhang Jianfeng and, pursuant to Rule 14A.11(4) of the Listing Rules, Haitian Precision is a connected person of the Company and the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and 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 Shili and Wuxi Haitian are the major operating subsidiaries of the Company engaged in the production of plastic injection moulding machineries.

Haitian Precision is engaged in the design, development, manufacture and sale of CNC 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 Ltd., a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Long Harvest;
“Board”	the board of Directors of the Company;
“CNC turning machine(s)”	Computer Numerically Controlled turning machine(s);
“Company”	Haitian International Holdings Limited, a limited liability company incorporate in the Cayman Islands;
“Director(s)”	director(s) of the Company;
“Group”	Haitian International Holdings Limited and its subsidiaries;
“Haitian Precision”	Ningbo Haitian Precision Machinery Co., Ltd., a limited liability company incorporated in the PRC;
“Haitian Shili”	寧波海天實力機械有限公司 (Ningbo Haitian Shili Machinery Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly owned subsidiary 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;
“Long Harvest”	Long Harvest Investments Limited, a limited liability company registered in Samoa;
“Machinery Equipment Purchase Agreements”	the two equipment purchase agreements in Chinese dated 25 September 2007 entered into between Haitian Precision and Haitian Shili and Wuxi Haitian respectively for the sale and purchase of the CNC turning machines and machining centres;
“machining centre(s)”	machinery(ies) used in shaping metal platens, toggles and bases which includes, among others, drilling, lathing, polishing and milling;
“Ningbo Haitian”	寧波海天股份有限公司 (Ningbo Haitian Group Co., Ltd.*), a joint stock limited liability company incorporated in the PRC;

“PRC”	the People’s Republic of China;
“Purchase”	the purchase of the CNC turning machines and machining centres;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC; and
“Wuxi Haitian”	無錫海天機械有限公司 (Wuxi Haitian Machinery Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company.

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

PRC, 25 September 2007

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 RMB1.00 = HK\$1.04, 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.

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