

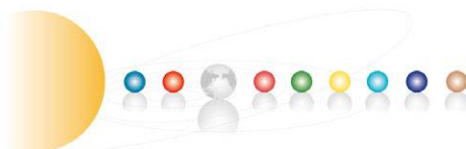
Trust through Communication

Interim Report 2012

Haitian International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1882

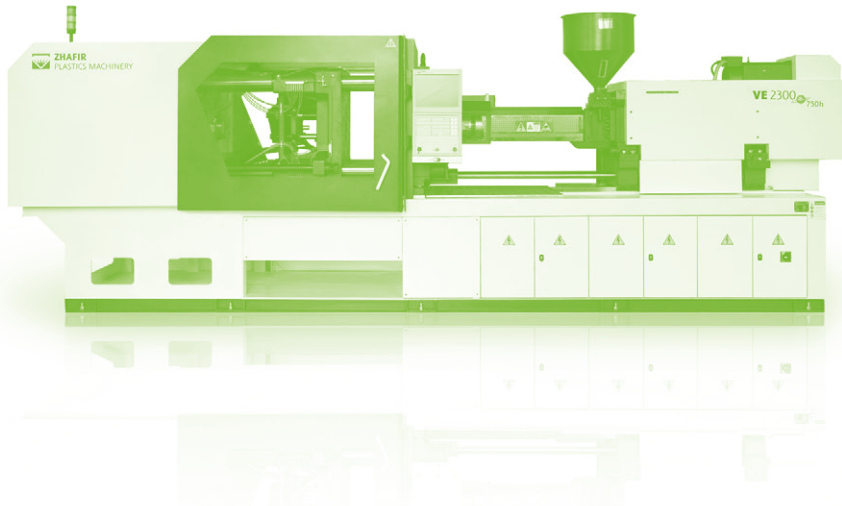


We Create and Extend Advantage.



A D V A N T A G E

advanced technology dependable machinery value engineered accessible support new vision team spirit around the globe growth driven excellent price-performance ratio



Contents

2	Highlights
3	Company Profile and Corporate Information
4	Investor Information
5-10	Management Discussion and Analysis
11-14	Other Information
15	Condensed Consolidated Income Statement
16	Condensed Consolidated Statement of Comprehensive Income
17-18	Condensed Consolidated Balance Sheet
19	Condensed Consolidated Statement of Changes in Equity
20	Condensed Consolidated Cashflow Statement
21-30	Notes to the Condensed Consolidated Interim Financial Information

Highlights

	Six months ended 30 June		
	2012 RMB' million	2011 RMB' million	Decrease %
Sales	3,179.1	3,709.9	(14.3)
Gross profit	946.1	1,113.3	(15.0)
Profit attributable to equity holders of the Company	485.7	600.9	(19.2)
Basic Earnings per share (expressed in RMB per share)	0.30	0.38	(19.2)
Dividend per share (expressed in HK\$ per share)			
Proposed interim dividend	0.12	0.16	(25.0)

- Stable level of business despite the tough environment and recorded sales of RMB3,179.1 million, representing a decrease of 14.3% and 4.2% compared to the 1st half of 2011 and the 2nd half of 2011 respectively
- Gross profit margin maintained at 29.8% (2011: 30.0%)
- Maintained stable net profit margin and recorded profit attributable to shareholders of RMB485.7 million, representing a decrease of 19.2% and 3.4% when compared to the 1st half of 2011 and the 2nd half of 2011
- Basic Earnings per share amounted to RMB0.30 during the period
- The Board proposed an interim dividend of HK12.0 cents per share
- Improvement in operating cashflow and the net cash position increased from RMB1,775.4 million as of 31 December 2011 to RMB2,208.0 million as of 30 June 2012
- New generation of PIMMs is ready to mass launch in the 2nd half of 2012 to further enhance our competitiveness

Company Profile and Corporate Information

Executive Directors

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

Non-Executive Directors

Mr. HU Guiqing
Mr. GUO Mingguang
Mr. LIU Jianbo

Independent Non-Executive Directors

Mr. DAI Guowah
Mr. GAO Xunxian
Dr. Steven CHOW
Mr. LOU Baijun

Company Secretary

Mr. SUEN Wai Yu

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Principal Place of Business

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

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

Principal Bankers

Agricultural Bank of China
Bank of China
Shenzhen Development Bank
Industrial and Commercial Bank of China
Industrial Bank Co. Limited
Shanghai Pudong Development Bank Co., Ltd.

Investor Information

Listing Information

Listing: Hong Kong Stock Exchange
Stock code: 1882

Key Dates

20 August 2012 – Interim Result
Announcement
5 – 7 September 2012 – Closure of register of
members
19 September 2012 or before – Payment date of
interim dividend

Share Information

Board lot size: 1,000 shares

Shares outstanding as
at 30 June 2012: 1,596,000,000 shares

Market Capitalisation as
at 30 June 2012: HK\$12,225 million

Earnings per share for
six months ended
30 June 2012: RMB0.30

Interim Dividend per share
for six months ended
30 June 2012: HK12 cents

Share Registrar Transfer Offices

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Enquiries Contact

Investor Relations Department

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Zhejiang Province, China

Postal code: 315821

Website

<http://www.haitian.com>

Management Discussion and Analysis

Business Review

The first half of 2012 was a challenging period for machine manufacturing industry particularly in China, marked by the slow-down of China's growth momentum and the deteriorating Eurozone's sovereign debt crisis which together weighted heavily against investor and consumer sentiment. Although the global economic activity remained uncertain, we still recorded a revenue of RMB3,179.1 million for the six months ended 30 June 2012, representing a decrease of 14.3% compared to the revenue of RMB3,709.9 million for the six months ended 30 June 2011 which was the highest half-year revenue in our group's history, or representing a decrease of 4.2% compared to the 2nd half of 2011. In term of sales trend, we noted our sales have gradually recovered from the trough of October 2011 and our sales in the second quarter of 2012 reached RMB1,730 million, at a similar level to the third quarter of 2011. The Group's profit attributable to equity holders for the six months ended 30 June 2012 amounted to RMB485.7 million, representing a decrease of 19.2% and 3.4% when compared to the 1st half of 2011 and the 2nd half of 2011 respectively. Basic earnings per share for the six months ended 30 June 2012 amounted to RMB0.30 (2011: RMB0.38).

Domestic and export sales

The Group's sales by geographic areas are summarized in the following table:

(RMB million)	1st half of 2012	1st half of 2011	2nd half of 2011	1st half 2012 Vs 1st half 2011	1st half 2012 Vs 2nd half 2011
Domestic Sales	2,085.0	2,638.2	2,216.0	(21.0%)	(5.9%)
Export Sales	1,011.4	988.0	1,004.6	2.4%	0.7%
Parts	82.7	83.7	97.1	(1.2%)	(14.8%)
Total	3,179.1	3,709.9	3,317.7	(14.3%)	(4.2%)

Unlike the 1st half in 2011 with overheated domestic economy, the growth of domestic economy in China started to slow down since the 4th quarter of 2011 and remained weak in first half of 2012. This factor is common to the machine manufacturing industry as a whole and domestic machine manufacturers are adversely affected by the current business environment. It is inevitably that the weak demand affected our domestic sales in the 1st half of 2012. Nonetheless, benefiting from a diversified customer portfolio, especially for large corporate customers which generally have strong financial position and carefully-planned CAPEX schedule, our domestic sales are less impacted than other industrial peers. Although our Group's domestic sales have gradually recovered from the trough of October 2011, we still recorded a decline of domestic sales to RMB2,085.0 million, representing a drop of 21% compared to the unprecedentedly high domestic sales in the 1st half of 2011. The drop of 5.9% in the domestic revenue compared to the 2nd half of 2011 is mainly a result of the traditionally lower sales during the Chinese Lunar New Year in the 1st half of the year.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Domestic and export sales (continued)

Although the uncertainty of the sovereign debt crisis in certain European countries and the signs of the U.S. economy entering a softer growth phase pose challenges to the export market, our export sales remain stable in the 1st half of 2012. Through our strategy of strengthening export sales including developing new markets, operating assembly facilities in overseas countries and enhancing the pre-sales and after-sales services, we recorded a stable export sales of RMB1,011.4 million in the 1st half of 2012, representing a mild growth of 2.4% and 0.7% when compared to the sales in the 1st half of 2011 and the 2nd half of 2011. The sales mix in export sales increased from 27.1% in the 1st half of 2011 to 32.7% in 2012.

Small and medium-to-large tonnage sales

The Group's sales by small tonnage and medium-to-large tonnage plastic injection moulding machines are summarized in the following table:

(RMB million)	1st half of 2012	1st half of 2011	2nd half of 2011	1st half 2012 Vs 1st half 2011	1st half 2012 Vs 2nd half 2011
Small tonnage	1,870.2	2,323.6	2,023.0	(19.5%)	(7.6%)
Medium-to-large tonnage	1,226.2	1,302.6	1,197.6	(5.9%)	2.4%
Parts	82.7	83.7	97.1	(1.2%)	(14.8%)
Total	3,179.1	3,709.9	3,317.7	(14.3%)	(4.2%)

The medium-to-large tonnage PIMMs are usually employed by medium-to-large-size enterprises which generally have stronger financial position and carefully planned long-term CAPEX. Therefore, medium-to-large machines are generally less sensitive to sluggish market environment and tightening of liquidity. Therefore, we recorded a stable sales of medium-to-large tonnage PIMMs which amounted to RMB1,226.2 million in the 1st half of 2012, representing a decline of 5.9% and increase of 2.4% when compared to the sales in the 1st half of 2011 and the 2nd half of 2011. In contrast, small tonnage PIMMs are generally more sensitive to macroeconomic changes. Therefore the sales of the small tonnage PIMMs declined to RMB1,870.2 million in the 1st half of 2012, representing a drop of 19.5% and 7.6% when compared to the sales in the 1st half of 2011 and the 2nd half of 2011.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Small and medium-to-large tonnage sales (continued)

Notwithstanding the adverse market conditions mentioned above and the drop of 14.3% in overall sales during the reported period, a number of our technological advanced products still performed well in the 1st half of 2012. Sales of the Venus Series (all-electric PIMMs), Jupiter series (Two platen PIMMs) and IA series (Multi-colour PIMMs) increased to RMB159.6 million, RMB169.7 million and RMB82.9 million, representing growth of 7.3%, 25.5% and 26.0% respectively when compared to sales in the 1st half of 2011. Their solid sales performances evidenced the importance of the product innovation setting the platform for our future growth in technological advanced PIMMs.

In April this year, we have exhibited our second generation “Generation 2” of existing product lines including Mars II, Venus II and Jupiter II at Chinaplas 2012. “Generation 2” promises improvements in performance and ergonomics that have arisen in large part based on continuous follow-up with customers and active pre-sales and after-sales efforts. This means the Generation 2 is even more customer oriented than all series before. With committed strategy in enhancing R&D capabilities, we have developed several patented new features into the Generation 2. With new features such as optimized injection, new mechanical clamping systems and new softwares for enhanced applications, the Generation 2 can offer higher precision, reliability, speed and price-performance ratio to our customers and have received positive response at the Chinaplas 2012. Our Generation 2 will mass launch between the second half of 2012 and the first half of 2013 and it is expected to trigger higher demand of our PIMMs despite the tough market conditions and lay an important foundation of our long term growth thereafter.

Prospect

In the 1st half of 2012, our sales performance gradually picked up from the trough of the end of 2011. However, adverse macroeconomic factors which affect the world economic and consumer confidence such as the uncertainty of the sovereign debt crisis in certain European countries, slower than expected pace of US economic growth and the slowdown of China economic growth continued to pose challenges and volatilities to the PIMM industry in the near term. Recently the world and China economies appear to have further worsened and to predict sales trend of the remaining of this year becomes increasingly difficult. Nevertheless, there are some positive signals indicating the gradual relaxation of credit tightening policy in China including reduction of reserve ratio and interest rate by PBOC while the European Central Bank is implementing a number of measures to stabilise Euro. We do not expect such measures to boost the economic growth immediately and they may take half to one year to reflect the positive impact. However, we believe such measures can increase the investor and consumer confidence to stabilise the economy to prevent it from further deterioration.

Management Discussion and Analysis (Continued)

Prospect (Continued)

In response to recent headwinds, we have strategically and proactively prepared ourselves during the good times in the end of 2010 with the following measures:

- To meet the strong order intake during 2010 and the 1st half of 2011 by adopting a stretch production plan through working overtime and outsourcing of certain production process instead of aggressively increasing our production capacity. Therefore, we still maintain stable gross margin and optimal utilisation despite the decrease of sales during the reported period.
- To speed up the product innovation cycle and complete the development of our Generation 2 which lay a solid foundation for strengthening the Group's capabilities and worldwide market recognition in the future, once demand picks up.
- To raise operational efficiency by introduction of Lean Manufacturing concept to our Group and raise the product quality and customer services by starting Quality Assurance Campaign. Through these measures, we can enhance our competitiveness in cost position, quality and services.
- To convene a special interim sales meeting with our domestic distributors to collect latest market development information and obtain customer feedback from the sales channel. Then we can tailor appropriate marketing strategy to response to the current business environment. In addition, we re-formulate our new product development plan, by breaking down market demand into micro-segments with increased details and analysis so that more sophisticated PIMM can be launched for different industries and customers. We will also focus our effort to explore customer demand of PIMM integration and develop our capabilities for such advanced services.
- In addition, our financial position was strong with a healthy cash generation and the continuing improvement of our net cash position from RMB1,775.4 million as of 31 December 2011 to RMB2,208.0 million as of 30 June 2012.

We are confident in our strategies, focus on addressing challenges in the short term and remain optimistic about the prospect of the PIMMs industry in the medium and long term. We believe the demand of PIMMs (especially in large tonnage and all electric PIMMs) will continue to be driven by on-going industrialisation, rising personal income levels, spurring plastics product output and consumption and increasing applications of plastic material in different areas. We will increase our future resources to capture these growing opportunities in large tonnage and all electric PIMMs. By leveraging on our core strengths including our prestigious branding, unmatched product and service quality, R&D capabilities, efficient production scale, experienced management team and strong financial position, we believe we will continue to be a winner under the current headwinds and lay a solid foundation for growth in 2013 and 2014.

Management Discussion and Analysis (Continued)

Financial Review

Sales

Due to the adverse macroeconomic factors including the uncertainty of Eurozone's sovereign debt crisis, slow recovery of US economy and slow down of the China economic growth, we recorded revenue of RMB3,179.1 million in the 1st half of 2012, representing a decrease of 14.3% compared to the 1st half of 2011. The decrease is mainly attributable to the domestic sales decrease of 21.0% to RMB2,085.0 million compared to the 1st half of 2011. In contrast, the export sales recorded a mild increase 2.4% to RMB1,011.4 million compared to the 1st half of 2011 through our committed strategy of strengthening export sales including developing new markets and enhancing the pre-sales and after-sales services.

Gross Profit

In the 1st half of 2012, we recorded gross profit of RMB946.1 million, representing a decrease of 15.0% compared to the first half of 2011. Overall gross margin had decrease slightly from 30.0% in the 1st half of 2011 to 29.8% in the 1st half of 2012. In order to meet the strong order intake in the 1st half of 2011, we adopted a stretch production plan through working overtime and outsourcing of certain production process instead of aggressively increasing our production capacity. Therefore, we still can maintain stable gross margin and optimal utilisation despite the decrease of sales during the reported period.

Selling and administrative expenses

The selling and administrative expenses decreased slightly from RMB422.5 million in the 1st half of 2011 to RMB421.4 million in the 1st half of 2012, primarily because the decrease in sales commission expenses and transportation charges resulting from lower level of sales in the 1st half of 2012 were substantially offset by i) increase in marketing expenses in developing export markets and enhancing the pre-sale and after sales services and ii) increase in research and development expenses with continuing effort for next generation products and other R&D projects.

Other income

Other income mainly consists of government subsidy and increased by 114.8% from approximately RMB18.2 million in the 1st half of 2011 to approximately RMB39.1 million in the 1st half 2012. The increase is mainly attributable to the fact that most subsidies for year 2012 were granted and recorded in the 1st half of 2012.

Finance income – net

Finance income, net increased by 8.7% from RMB21.8 million in the 1st half of 2011 to RMB23.7 million in the 1st half of 2012 mainly as a result of the increase in net cash balances.

Income tax expenses

Income tax expenses decreased by 21.3% from RMB129.4 million in the 1st half of 2011 to RMB101.8 million in the 1st half of 2012. The decrease was mainly resulted from the decrease in operating profit. Our effective tax rate maintained a similar level of 17.3% in the 1st half of 2012. (2011: 17.7%)

Management Discussion and Analysis (Continued)

Financial Review (Continued)

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 30 June 2012, our Group was in a strong financial position with a net cash position amounting to RMB2,208.0 million (31 December 2011: RMB1,775.4 million). Accordingly, no gearing ratio is presented.

Charges on Group Assets

As at 30 June 2012, our Group had no pledge of assets (31 December 2011: Nil).

Foreign Exchange Risk Management

During the Reported Period, our Group exported approximately 32.7% of its products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while our Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10% of our total purchases. Our Group purchased certain forward contracts or other means to reduce its foreign currency exposure. In addition, during the Reported Period, our Group borrowed certain U.S.-dollar denominated and HK-dollar denominated bank loans to hedge the exchange risk of U.S.-dollar denominated receivables arising from export sales.

Contingent Liabilities

As at 30 June 2012, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB741.7 million (31 December 2011: RMB901.2 million).

Employees

As at 30 June 2012, our Group had a total workforce of approximately 4,700 employees. Most of our employees were located in China. We offered our staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on individual and our performance. We are committed to nurturing a learning culture in our organization.

Proposed Interim Dividend

The Board had resolved to recommend the payment of an interim dividend of HK\$0.12 per share for the six months ended 30 June 2012 which is expected to be paid on or before 19 September 2012 to our shareholders whose names appear on the register of members of the Company on 7 September 2012.

Closure of Register of Members

The register of members of the Company will be closed from 5 September 2012 to 7 September 2012 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 4 September 2012.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2012, 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")), 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%
Mr. Liu Jianbo	Corporate Interest ⁽²⁾	295,000	0.02%
Prof. Helmut Helmar Franz	Personal Interest	206,000	0.01%

Note:

- (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.
- (2) Mr. Liu Jianbo is deemed under the SFO to be interested in 295,000 shares of the Company held by Broad Commend Limited.

Other Information (Continued)

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

Name of Director	Name of association corporation ⁽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 30 June 2012, 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.

Other Information (Continued)

Save as disclosed above, as at 30 June 2012, 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. At no time during the Reported Period was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

Interests and Short Positions of Shareholders

As at 30 June 2012, the persons or corporations (not being a Director or chief executive of the Company) 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

Note:

(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 30 June 2012.

Save as disclosed above, as at 30 June 2012, 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.

Compliance with the Code on Corporate Governance

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphasizes on maintaining a Board with balance of skill sets of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the Directors, the Company complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules which were effective until 31 March 2012 and those in Corporate Governance Code in existing Appendix 14 of the Listing Rules which become effective from 1 April 2012 for the two months ended 30 June 2012.

Other Information (Continued)

Purchases, 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 Reported Period under review.

Audit Committee

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The Audit Committee has reviewed the Group's condensed consolidated interim financial information for the period ended 30 June 2012, including the accounting principles adopted by the Group, with the Company's management.

Model Code for Securities Transactions by Directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who have confirmed that they had complied with the required standard set out in the Model Code for the Reported Period.

By Order of the Board
Haitian International Holdings Limited
ZHANG Jingzhang
Chairman

Hong Kong, 20 August 2012

Condensed Consolidated Income Statement

(Amounts expressed in RMB'000 unless otherwise stated)

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Haitian International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012, together with the comparative figures for the corresponding period in 2011 as follows:

	Note	Unaudited Six months ended 30 June	
		2012	2011
Sales	4	3,179,078	3,709,873
Cost of sales		(2,233,015)	(2,596,585)
Gross profit		946,063	1,113,288
Selling and marketing expenses		(271,290)	(291,058)
General and administrative expenses		(150,117)	(131,471)
Other income		39,133	18,168
Other losses net		(738)	(1,007)
Operating profit	5	563,051	707,920
Finance income	6	34,165	18,040
Finance costs	6	(9,081)	(3,324)
Net exchange (loss)/gain on bank borrowings	6	(1,339)	7,079
Finance income – net	6	23,745	21,795
Share of results of an associate		708	660
Profit before income tax		587,504	730,375
Income tax expense	7	(101,838)	(129,439)
Profit for the period		485,666	600,936
Attributable to:			
Equity holders of the Company		485,666	600,936
Dividends	8	156,736	209,553
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– Basic	9	0.30	0.38
– Diluted		N/A	N/A

Condensed Consolidated Statement of Comprehensive Income

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2012	2011
Profit for the period	485,666	600,936
Other comprehensive income for the period:		
Currency translation differences	(1,763)	3,148
Total comprehensive income for the period	483,903	604,084
Total comprehensive income attributable to:		
Equity holders of the Company	483,903	604,084

Condensed Consolidated Balance Sheet

(Amounts expressed in RMB'000 unless otherwise stated)

	Note	30 June 2012 Unaudited	31 December 2011 Audited
ASSETS			
Non-current assets			
Land use rights		245,342	248,024
Property, plant and equipment		1,502,371	1,430,281
Intangible assets		350	1,401
Investment in an associate		4,653	4,435
Deferred income tax assets		31,249	30,384
Other receivables		19,408	21,364
		1,803,373	1,735,889
Current assets			
Inventories		1,555,945	1,451,713
Trade and bills receivables	11	2,053,867	2,052,707
Prepayments, deposits and other receivables		286,557	263,757
Restricted bank deposits		872,777	638,622
Cash and cash equivalents		2,264,256	1,741,067
		7,033,402	6,147,866
Total assets		8,836,775	7,883,755
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	160,510	160,510
Reserves		4,828,985	4,520,165
Total equity		4,989,495	4,680,675

Condensed Consolidated Balance Sheet (Continued)

(Amounts expressed in RMB'000 unless otherwise stated)

	<i>Note</i>	30 June 2012 Unaudited	31 December 2011 Audited
LIABILITIES			
Non-current liabilities			
Deferred income		12,188	12,871
Deferred income tax liabilities		108,637	94,365
		120,825	107,236
Current liabilities			
Trade and bills payables	13	1,899,447	1,266,423
Accruals and other payables		882,608	1,150,129
Current income tax liabilities		15,384	74,991
Bank borrowings		929,016	604,301
		3,726,455	3,095,844
Total liabilities		3,847,280	3,203,080
Total equity and liabilities		8,836,775	7,883,755
Net current assets		3,306,947	3,052,022
Total assets less current liabilities		5,110,320	4,787,911

Condensed Consolidated Statement of Changes in Equity

(Amounts expressed in RMB'000 unless otherwise stated)

	Attributable to equity holders of the Company		
	Share capital	Reserves	Total
Balance at 1 January 2011	160,510	3,873,703	4,034,213
Profit for the period	–	600,936	600,936
2010 final dividend	–	(242,163)	(242,163)
Currency translation differences	–	3,148	3,148
Balance at 30 June 2011	160,510	4,235,624	4,396,134
Profit for the period	–	502,692	502,692
2011 interim dividend	–	(209,553)	(209,553)
Currency translation differences	–	(8,598)	(8,598)
Balance at 31 December 2011	160,510	4,520,165	4,680,675
Profit for the period	–	485,666	485,666
2011 final dividend	–	(175,083)	(175,083)
Currency translation differences	–	(1,763)	(1,763)
Balance at 30 June 2012	160,510	4,828,985	4,989,495

Condensed Consolidated Cashflow Statement

(Amounts expressed in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2012	2011
Cash flows from operating activities:		
Net cash generated from operating activities	604,081	588,734
Cash flows from investing activities:		
Net cash used in investing activities	(92,592)	(291,624)
Cash flows from financing activities:		
Net cash generated from/(used in) financing activities	11,700	(306,258)
Net increase/(decrease) in cash and cash equivalents	523,189	(9,148)
Cash and cash equivalents at beginning of period	1,741,067	2,016,748
Cash and cash equivalents at end of period	2,264,256	2,007,600

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

1. General Information

Haitian International Holdings Limited (the "Company") was incorporated on 13 July 2006, as an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961, as combined and revised) of the Cayman Islands.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 22 December 2006 and its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, George Town, Grand Cayman KY1-1111 Cayman Islands.

The Company and its subsidiaries (the "Group") are principally engaged in manufacturing and sale of plastic injection moulding machines (the "Plastic Injection Moulding Machines Business").

In the opinion of the directors, the ultimate holding company of the Company is Sky Treasure Capital Limited, a company incorporated in the British Virgin Islands.

This unaudited condensed consolidated interim financial information was approved for issue on 20 August 2012.

2. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. Significant Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

3. Significant Accounting Policies (Continued)

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

Amendment to HKFRS 7 "Disclosures – Transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The adoption of this amendment will result in additional disclosures where necessary.

(b) Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the Group

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 12 (Amendment)	Deferred tax: Recovery of underlying assets

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2012 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (Revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

4. Sales and Segment Information

	Six months ended 30 June	
	2012	2011
Sales of plastic injection moulding machine and related products	3,179,078	3,709,873

The Group is mainly engaged in the manufacturing and the sale of plastic injection moulding machines. The internal reporting for the chief operating decision-maker is provided on a whole-entity basis. Accordingly the group only has one reportable segment and no further segment information is provided.

The Group is domiciled in Mainland China. The result of its sales from external customers in different countries is as follows:

	Six months ended 30 June	
	2012	2011
Mainland China	2,139,696	2,703,523
Hong Kong and overseas countries	1,039,382	1,006,350
	3,179,078	3,709,873

The total of non-current assets other than deferred income tax assets located in different countries are as follows:

	As at	As at
	30 June	31 December
	2012	2011
Total non-current assets other than deferred income tax assets		
– Mainland China	1,670,471	1,599,858
– Hong Kong and overseas countries	101,653	105,647
Deferred income tax assets	31,249	30,384
Total non-current assets	1,803,373	1,735,889

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

5. Operating Profit

Operating profit is stated after (crediting)/charging the followings:

	Six months ended 30 June	
	2012	2011
Depreciation and amortisation	57,194	48,912
(Reversal of)/provision for impairment of trade receivables	(357)	1,421
Provision for/(reversal of) write-down of inventories	305	(2,916)
Raw materials and consumables used	2,043,208	2,349,909
Net foreign exchange (gains)/losses	(3,268)	1,700
Losses on disposal of property, plant and equipment	248	186

6. Finance Income, Net

	Six months ended 30 June	
	2012	2011
Finance cost:		
Interest expenses on bank borrowings wholly repayable within five years	(9,081)	(3,324)
Net foreign exchange (losses)/gains on borrowings	(1,339)	7,079
Finance income:		
Interest income on bank deposits	34,165	18,040
Finance income, net	23,745	21,795

7. Income Tax Expense

	Six months ended 30 June	
	2012	2011
Current income tax		
– Mainland China enterprise income tax (“EIT”)	76,987	98,508
– Overseas tax	47	–
Deferred taxation	24,804	30,931
	101,838	129,439

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

8. Dividends

At a meeting held on 20 August 2012, the directors declared an interim dividend of HKD12.0 cents (equivalent to RMB9.8 cents) per share. This proposed dividend is not reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of reserve for the year ending 31 December 2012.

9. Earnings Per Share

The calculation of basic earnings per share for the period is based on the profit attributable to the equity holders of the Company of approximately RMB485,666,000 (2011: RMB600,936,000) and on the weighted average number of 1,596,000,000 (2011: 1,596,000,000) ordinary shares in issue during the period.

Diluted earnings per share is not presented as there were no dilutive ordinary shares.

10. Capital Expenditure

	Six months ended 30 June	
	2012	2011
Property, plant and equipment	126,757	67,970
Acquisition from a subsidiary		
Land use rights	–	46,965
Property, plant and equipment	–	102,899
	126,757	217,834

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

11. Trade and Bills Receivables

Majority of trade and bills receivables are with customers having an appropriate credit history. Most of the Group's sales are covered by guarantees from distributors, credit arrangements from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 24 months. The ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2012	As at 31 December 2011
Up to 6 months	1,743,253	1,786,105
6 months to 1 year	195,628	177,208
1 year to 2 years	116,727	101,812
Over 2 years	37,532	27,212
	2,093,140	2,092,337
Less: provision for impairment	(39,273)	(39,630)
	2,053,867	2,052,707

12. Share Capital

	Authorised share capital		
	Number of shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2012	5,000,000	500,000	502,350

	Issued and fully paid up		
	Number of shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2012	1,596,000	159,600	160,510

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

13. Trade and Bills Payables

Ageing analysis of trade and bills payables is as follows:

	As at 30 June 2012	As at 31 December 2011
Up to 6 months	1,890,247	1,265,351
6 months to 1 year	8,218	255
1 year to 2 years	245	–
Over 2 years	737	817
	1,899,447	1,266,423

14. Commitments

(a) Capital commitments

	As at 30 June 2012	As at 31 December 2011
Acquisition of property, plant and equipment contracted but not provided for	179,701	68,423

(b) Operating lease commitments

The Group leases certain of its office premises and plant and equipment under non-cancellable operating lease agreements. The leases have various terms and renewal rights.

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2012	As at 31 December 2011
Not later than 1 year	1,253	958
Later than 1 year and not later than 5 years	427	287
	1,680	1,245

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

15. Contingent Liabilities

As at 30 June 2012, contingent liabilities not provided for in the condensed consolidated interim financial information is as follows:

	As at 30 June 2012	As at 31 December 2011
Guarantee given to the banks in connection with banking facilities granted to customers	741,689	901,203

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by Sky Treasure Capital Limited (the immediate holding company), a company incorporated in the British Virgins Islands, which owns 64.97% of the Company's shares. The Company's directors regard Sky Treasure as being the ultimate holding company.

The following companies are considered to be related parties of the Group:

Company name	Relationships
Hangzhou Keqiang Intelligence Control System Co., Ltd. ("Hangzhou Keqiang") (杭州科強智能控制系統有限公司)	Associate of the Group
Ningbo Anson CNC Technique Co., Ltd. (“Ningbo Anson”) (寧波安信數控技術有限公司)	Controlled by directors of the Group
Ningbo Haitian Precision Co., Ltd. (“Haitian Precision”) (寧波海天精工股份有限公司)	Controlled by directors of the Group
Ningbo STF Hydraulic Transmissions Co., Ltd. (“Ningbo STF”) (寧波斯達弗液壓傳動有限公司)	Controlled by directors of the Group
Ningbo Haitian Property Co., Ltd. (“Haitian Property”) (寧波海天置業有限公司)	Controlled by directors of the Group
Anson Asia (Hong Kong) Limited (“Anson Asia”)	Controlled by directors of the Group
Ningbo Haitian Co., Ltd. (“Ningbo Haitian”) (寧波海天股份有限公司)	Controlled by directors of the Group

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

16. Related Party Transactions (Continued)

(a) Transactions with related parties

The following material transactions were carried out with related parties:

	Six months ended 30 June	
	2012	2011
Purchases of goods from:		
Hangzhou Keqiang	9,118	7,862
Ningbo Anson	271,657	374,171
Ningbo STF	46,988	–
Purchase equipment from:		
Haitian Precision	24,046	12,901
Acquisition of a subsidiary:		
Ningbo Haitian	–	129,605
Anson Asia	–	55,545

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 June 2012
(Amount expressed in RMB'000 unless otherwise stated)

16. Related Party Transactions (Continued)

(b) Balances with related parties

The Group had the following significant balances with its related parties:

	As at 30 June 2012	As at 31 December 2011
Due from related parties		
Trade related		
– Ningbo STF	24	24
Non-trade related		
– Haitian Precision	–	6,127
– Mr. Zhang Jianming	145	376
– Mr. Zhang Jianfeng	157	207
– Haitian Property	105	98
	407	6,808
Due to related parties		
Trade related		
– Ningbo Anson	143,936	25,279
– Ningbo STF	35,811	5,450
– Hangzhou Keqiang	1,397	729
	181,144	31,458

Balances with related parties were unsecured, non-interest bearing, and had no pre-determined repayment terms.

(c) Key management compensation

Key management includes directors, general managers of certain subsidiaries, Chief Financial Officer, Investment Relations Manager and the Head of Human Resources and Administration. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2012	2011
Salaries and bonus	3,484	3,993
Other benefits	131	106
	3,615	4,099