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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	Increased
	RMB' million	*RMB' million*	%
Revenue	**3,620.6**	3,179.1	13.9
Gross profit	**1,112.6**	946.1	17.6
Profit attributable to equity holders of the Company	**568.2**	485.7	17.0
Basic Earnings per share (expressed in RMB per share)	**0.36**	0.30	17.0
Dividend per share (expressed in HK$ per share)			
Proposed interim dividend	**0.15**	0.12	25.0

- Benefiting from the successful launch of our second generation ("Generation 2") of existing product lines and modest recovery of Chinese PIMM market in the first half of 2013, revenue increased to RMB3,620.6 million, representing an increase of 13.9% and 14.7% compared to the 1st half of 2012 and 2nd half of 2012

- Continuous improvement in gross profit margin to 30.7% (1H 2012: 29.8%) resulting from the launch of Generation 2, raise of operational efficiency and stable cost of raw materials

- Profit attributable to equity holders increased to RMB568.2 million, representing an increase of 17.0% and 13.6% when compared to the 1st half of 2012 and the 2nd half of 2012

- Basic Earnings per share amounted to RMB0.36 during the period

- The Board proposed an interim dividend of HK15.0 cents per share

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 2013 (the "Reported Period"), together with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	**2013**	2012
Revenue	*4*	**3,620,577**	3,179,078
Cost of sales		**(2,507,964)**	(2,233,015)
Gross profit		**1,112,613**	946,063
Selling and marketing expenses		**(303,273)**	(271,290)
General and administrative expenses		**(174,586)**	(150,117)
Other income		**14,056**	39,133
Other losses – net		**(9,231)**	(738)
Operating profit	*5*	**639,579**	563,051
Finance income	*6*	**43,120**	34,165
Finance costs	*6*	**(4,977)**	(9,081)
Net exchange gain/(loss) on bank borrowings	*6*	**23,581**	(1,339)
Finance income – net	*6*	**61,724**	23,745
Share of profit of an associate		**1,920**	708
Profit before income tax		**703,223**	587,504
Income tax expense	*7*	**(135,055)**	(101,838)
Profit for the period		**568,168**	485,666
Attributable to:			
Equity holders of the Company		**568,168**	485,666
Dividends	*8*	**190,479**	156,736
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– Basic	*9*	**0.36**	0.30
– 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 2013	2012
Profit for the period	**568,168**	485,666
Other comprehensive income for the period:		
Currency translation differences	**(1,851)**	(1,763)
Total comprehensive income for the period	**566,317**	483,903
Total comprehensive income attributable to:		
Equity holders of the Company	**566,317**	483,903

CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts expressed in RMB'000 unless otherwise stated)

	Note	**30 June 2013 Unaudited**	31 December 2012 Audited
ASSETS			
Non-current assets			
Land use rights		**329,139**	242,623
Property, plant and equipment		**1,640,899**	1,568,770
Investments in an associate		**8,235**	6,315
Deferred income tax assets		**34,642**	34,552
Loan receivables, interest bearing		**517,809**	20,361
		2,530,724	1,872,621
Current assets			
Inventories		**1,491,669**	1,417,376
Trade and bills receivables	*11*	**2,145,553**	2,048,193
Prepayments, deposits and other receivables		**325,930**	240,034
Available-for-sale financial assets		**480,000**	180,000
Derivative financial instruments		**3,549**	6,297
Financial assets at fair value through profit or loss		**31,000**	78,000
Restricted bank deposits		**168,048**	79,053
Cash and cash equivalents		**2,408,907**	2,610,551
		7,054,656	6,659,504
Total assets		**9,585,380**	8,532,125
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*12*	**160,510**	160,510
Share premium		**1,331,913**	1,331,913
Other reserves		**629,627**	529,228
Retained earnings			
– Proposed final dividend		**190,479**	193,433
– Others		**3,395,823**	3,120,384
Total equity		**5,708,352**	5,335,468

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	30 June 2013 Unaudited	31 December 2012 Audited
LIABILITIES			
Non-current liabilities			
Deferred income		**12,024**	12,644
Deferred income tax liabilities		**90,355**	96,157
		102,379	108,801
Current liabilities			
Trade and bills payables	*13*	**2,076,815**	1,481,115
Accruals and other payables		**985,251**	1,105,301
Current income tax liabilities		**66,162**	73,292
Bank borrowings		**646,421**	428,148
		3,774,649	3,087,856
Total liabilities		**3,877,028**	3,196,657
Total equity and liabilities		**9,585,380**	8,532,125
Net current assets		**3,280,007**	3,571,648
Total assets less current liabilities		**5,810,731**	5,444,269

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2012	**160,510**	**1,331,913**	**436,191**	**2,752,061**	**4,680,675**	**4,680,675**
Comprehensive income						
Profit for the period	–	–	–	485,666	485,666	485,666
Other comprehensive income						
Currency translation differences	–	–	(1,763)	–	(1,763)	(1,763)
Total comprehensive income for the period ended 30 June 2012	–	–	(1,763)	485,666	483,903	483,903
Transactions with owners						
Dividend paid – 2011 final	–	–	–	(175,083)	(175,083)	(175,083)
Appropriations	–	–	30,950	(30,950)	–	–
Total transactions with owners	–	–	30,950	(206,033)	(175,083)	(175,083)
Balance at 30 June 2012	**160,510**	**1,331,913**	**465,378**	**3,031,694**	**4,989,495**	**4,989,495**
Balance at 1 January 2013	**160,510**	**1,331,913**	**529,228**	**3,313,817**	**5,335,468**	**5,335,468**
Comprehensive income						
Profit for the period	–	–	–	568,168	568,168	568,168
Other comprehensive income						
Currency translation differences	–	–	(1,851)	–	(1,851)	(1,851)
Total comprehensive income for the period ended 30 June 2013	–	–	(1,851)	568,168	566,317	566,317
Transactions with owners						
Dividend paid – 2012 final	–	–	–	(193,433)	(193,433)	(193,433)
Appropriations	–	–	102,250	(102,250)	–	–
Total transactions with owners	–	–	102,250	(295,683)	(193,433)	(193,433)
Balance at 30 June 2013	**160,510**	**1,331,913**	**629,627**	**3,586,302**	**5,708,352**	**5,708,352**

CONDENSED CONSOLIDATED CASHFLOW STATEMENT
(Amounts expressed in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2013	2012
Cash flows from operating activities:		
Net cash generated from operating activities	**817,918**	604,081
Cash flows from investing activities:		
Purchase of land use rights property, plant and equipment	**(214,522)**	(126,757)
Net changes in loan receivables, available-for-sale financial assets and financial assets at fair value through profit or loss	**(873,000)**	–
Interests received	**43,120**	34,165
Net cash used in investing activities	**(1,044,402)**	(92,592)
Cash flows from financing activities:		
Net changes in bank borrowings	**218,273**	324,715
Net changes in restricted deposits for securing bank loans	**–**	(137,931)
Dividends paid to the Company's equity holders	**(193,433)**	(175,084)
Net cash generated from financing activities	**24,840**	11,700
Net (decrease)/increase in cash and cash equivalents	**(201,644)**	523,189
Cash and cash equivalents at beginning of period	**2,610,551**	1,741,067
Cash and cash equivalents at end of period	**2,408,907**	2,264,256

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended June 30, 2013

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 19 August 2013.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, 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 2012, 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.

(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 2013:

HKAS 1 (Amendment) "Presentation of financial statements" is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

HKFRS 10 "Consolidated financial statements", with related amendment for transition guidance, is effective for annual periods beginning on or after 1 January 2013. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

HKAS 27 (Revised 2011) “Separate financial statements” is effective for annual periods beginning on or after 1 January 2013. HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

HKAS 28 (revised 2011) “Associates and joint ventures” is effective for annual periods beginning on or after 1 January 2013. HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

HKFRS 12 “Disclosure of interests in other entities” is effective for annual periods beginning on or after 1 January 2013. HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 “Fair value measurements” is effective for annual periods beginning on or after 1 January 2013. HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

There is no significant impact to the Group for adoption of these new and amended standards.

(b) Standards, amendments and interpretations to existing standards effective in 2013 but not relevant to the Group

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	‘First time adoption’, on government loans	1 January 2013
HKFRSs 11 and 12 (Amendment)	Transition guidance	1 January 2013
HKFRS 11	Joint arrangements	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

Apart from the above, the HKICPA has issued the annual improvements project (2011) which addresses several issues in the 2009–2011 reporting cycle, and includes changes to the following standards.

		Effective for annual periods beginning on or after
HKFRS 1	First time adoption	1 January 2013
HKAS 1	Financial statement presentation	1 January 2013
HKAS 16	Property plant and equipment	1 January 2013
HKAS 32	Financial instruments: Presentation	1 January 2013
HKAS 34	Interim financial reporting	1 January 2013

(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 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Investment entities	1 January 2014
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
HK (IFRIC) Interpretation 21	Levies	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

The Group is in the process of making assessment of the impact of these new or revised HKFRSs upon initial adoption.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2013	2012
Sales of plastic injection moulding machine and related products	**3,620,577**	3,179,078

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	
	2013	2012
Mainland China	**2,530,464**	2,139,696
Hong Kong and overseas countries	**1,090,113**	1,039,382
	3,620,577	3,179,078

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

	As at 30 June, 2013	As at 31 December, 2012
Total non-current assets other than financial assets and deferred income tax assets		
– Mainland China	**1,863,954**	1,695,789
– Hong Kong and overseas countries	**114,319**	121,919
Deferred income tax assets	**34,642**	34,552
Loan receivables, interest bearing	**517,809**	20,361
Total non-current assets	**2,530,724**	1,872,621

5. OPERATING PROFIT

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

	Six months ended 30 June 2013	2012
Depreciation and amortisation	**59,496**	57,194
Provision for/(reversal of) impairment of trade receivables	**5,651**	(357)
Provision for write-down of inventories	**11,057**	305
Raw materials and consumables used	**2,258,680**	2,043,208
Net foreign exchange losses/(gains)	**12,040**	(3,268)
Losses on disposal of property, plant and equipment	**225**	248

6. FINANCE INCOME, NET

	Six months ended 30 June 2013	2012
Finance cost:		
Interest expenses on bank borrowings wholly repayable within five years	**(4,977)**	(9,081)
Net foreign exchange gains/(losses) on borrowings	**23,581**	(1,339)
Finance income:		
Interest income	**43,120**	34,165
Finance income, net	**61,724**	23,745

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
Current income tax		
– Mainland China enterprise income tax ("EIT")	**112,322**	76,987
– Overseas income tax	**43**	47
Deferred taxation	**22,690**	24,804
	135,055	101,838

8. DIVIDENDS

At a meeting held on 19 August 2013, the directors declared an interim dividend of HK15.0 cents (equivalent to RMB11.9 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 2013.

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 RMB568,168,000 (2012: RMB485,666,000) and on the weighted average number of 1,596,000,000 (2012: 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	
	2013	2012
Land use rights	**89,956**	–
Property, plant and equipment	**124,566**	126,757
	214,522	126,757

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 2013	As at 31 December 2012
	RMB'000	*RMB'000*
Up to 6 months	**1,793,020**	1,704,326
6 months to 1 year	**200,933**	225,368
1 year to 2 years	**147,551**	110,828
Over 2 years	**42,051**	40,023
	2,183,555	2,080,545
Less: provision for impairment	**(38,002)**	(32,352)
	2,145,553	2,048,193

12. SHARE CAPITAL

	Authorised share capital		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 1 January and 30 June 2013	5,000,000	500,000	502,350

	Issued and fully paid up		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 1 January and 30 June 2013	1,596,000	159,600	160,510

13. TRADE AND BILLS PAYABLES

Ageing analysis of trade and bills payables is as follows:

	As at 30 June 2013	As at 31 December 2012
Up to 6 months	**2,075,188**	1,479,669
6 months to 1 year	**298**	865
1 year to 2 years	**749**	267
Over 2 years	**580**	314
	2,076,815	1,481,115

14. COMMITMENTS

(a) Capital commitments

	As at 30 June 2013	As at 31 December 2012
Acquisition of property, plant and equipment – Contracted but not provided for	**277,456**	105,712

(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 2013	As at 31 December 2012
Not later than 1 year	**773**	14,882

BUSINESS REVIEW

In the second half of 2012, we started full-scale launch of Generation 2 of existing product lines including Mars II, Venus II and Jupiter II. Generation 2 provides improvements in performance and ergonomics that are based to a large extend on continuous customer feedbacks. Accordingly Generation 2 is even more customer oriented than all series before. With several patented new features such as optimized injection, new mechanical clamping systems and new software for enhanced applications, Generation 2 offers higher precision, reliability, speed and price-performance ratio to our customers and the market response to Generation 2 is very encouraging. The successful launch of Generation 2 enhances our product competitiveness and cost position and its leading edges in the market help us gain more market share when the Chinese PIMM market became more stable and recorded mild recovery in early 2013, even though the market is still far from full recovery and the macroeconomic indicators are still struggling. Once again, we outperformed the industry peers and achieved the second highest-ever interim revenue in our history during the first half of 2013. We recorded revenue of RMB3,620.6 million for the six months ended 30 June 2013, representing an increase of 13.9% compared to the revenue of RMB3,179.1 million for the six months ended 30 June 2012, or representing an increase of 14.7% compared to the 2nd half of 2012.

We maintain our commitment to enhance our profitability through launching Generation 2 with better cost position and raising operational efficiency through introduction of Lean Manufacturing. Accompanied with relatively stable steel related component costs, we continued to improve the gross profit margin to 30.7% (1H 2012: 29.8%) and net profit margin to 15.7% (1H 2012: 15.3%). As a result, the Group's profit attributable to equity holders for the six months ended 30 June 2013 increased to RMB568.2 million representing an increase of 17.0% and 13.6% when compared to the 1st half of 2012 and the 2nd half of 2012. Basic earnings per share for the six months ended 30 June 2013 amounted to RMB0.36 (1H 2012: RMB0.30).

Domestic and export sales

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

(RMB million)	**1st half of 2013**	1st half of 2012	2nd half of 2012	1st half 2013 Vs 1st half 2012	1st half 2013 Vs 2nd half 2012
Domestic Sales	**2,479.1**	2,085.0	2,104.7	18.9%	17.8%
Export Sales	**1,057.2**	1,011.4	978.6	4.5%	8.0%
Parts	**84.3**	82.7	73.2	1.9%	15.2%
Total	**3,620.6**	3,179.1	3,156.5	13.9%	14.7%

Following the sharp growth in 2010, the PIMM market had experienced slower growth in the past two years and the market has started to move from stagnation to slight recovery, partly driven by the continuous increase in plastics consumption and applications. Some customers start to resume capital expenditure in PIMMs in view of a more stable investment sentiments and business outlook. With our highly competitive Generation 2 which offers high precision, reliability, speed and price-performance ratio, we are in a prime position to capitalise on the growing demand from this positive momentum and raise our market share in the industry. Despite the modest pace of recovery in domestic market, our sales to domestic market in China was RMB2,479.1 million for the six months ended 30 June 2013, representing an increase of 18.9% compared to the revenue of RMB2,085.0 million for the six months ended 30 June 2012.

The global economy still faces good and bad news at the same time. We observe positive signs of the US recovery, but Europe still has to deal with the sovereign debt and structural issues which continue to depress local European business sentiment and the growth of certain emerging markets like India and Brazil are slowing. With such complex and specific features of different markets in the world, the benefits of our market diversification are evident from our geographic performance. During the Reported Period, markets like South-east Asia, Middle-east, Africa and US delivered impressive growth, whilst Europe and certain emerging economies like Brazil and Turkey faltered. Through our strategy of strengthening export sales including developing new markets and enhancing the pre-sales and after-sales services, our export sales reach a new record of RMB1,057.2 million in 1st half of 2013, representing a growth of 4.5% when compared to the sales in the 1st half of 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 2013**	1st half of 2012	2nd half of 2012	1st half 2013 Vs 1st half 2012	1st half 2013 Vs 2nd half 2012
Small tonnage	**2,265.1**	1,870.2	1,876.8	21.1%	20.7%
Medium-to-large tonnage	**1,271.2**	1,226.2	1,206.5	3.7%	5.4%
Parts	**84.3**	82.7	73.2	1.9%	15.2%
Total	**3,620.6**	3,179.1	3,156.5	13.9%	14.7%

In general, the sales of small tonnage PIMM are more sensitive and response faster to changes of market situation and economic performance. Matching the initial recovery of domestic PIMM markets in China, the sales of the small tonnage PIMMs increased to RMB2,265.1 million in 1st half of 2013, representing an increase of 21.1% and 20.7% when compared to the sales in the 1st half and 2nd half of 2012 respectively. The sales of medium-to-large tonnage PIMMs remain at high level even during the previous industry slow down because of relatively low sensitivity to sluggish market environment. With the continuous increase in the application of large PIMM machines to various industries, we recorded a stable sales of medium-to-large tonnage PIMMs which amounted to RMB1,271.2 million in 1st half of 2013, representing a stable growth of 3.7% and 5.4% when compared to the sales in the 1st half and 2nd half of 2012 respectively.

PROSPECT

In view of certain signs of improvement in the general economic environment in the beginning of 2013, we observe that the PIMMs market had stabilised and started to gradually recover. Despite the widespread concerns that the slow down of GDP growth in China will hamper the demand of PIMMs, we believe that the Chinese government's plans to rebalance the economy towards consumption-based growth will be positive for the development of the PIMM industry which ultimately is driven by an on-going urbanization and rising personal income levels which consequently lead to a rising consumption of plastic materials. During the two years of slower growth of the PIMMs industry, the increase in underlying plastic materials consumption drives the demand of PIMMs in a more sustainable manner. We believe that the normalised demand of PIMMs will soon exceed the overheated level in 2010 which was distorted by release of suppressed CAPEX after the financial crisis in 2008 and 2009. In order to support the coming growth, we are already in the progress of constructing two new factories in Ningbo which will be completed and ready for trial production by the end of 2013 and in the mid of 2014 respectively. This also coincides with our strategies of full-scale development of Zhafir-brand high-end series of full electric PIMMs and pushing the upgrade of medium-to-large size PIMMs towards manufacturing large size two-plate PIMMs.

Our strength in innovation will continue to lead us over our competitors and extend our leading position in the PIMM industry. After the successful launch of Generation 2, we will continue to speed up the product innovation cycle and develop features of our machines 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. With well-addressed customers and micro-segments' needs and our technology "to the point" in order to produce plastics products in accordance with the price and technological requirements of our customers, we can continue to expand our presence in the PIMMs market across a wide spectrum of industries and applications.

Notwithstanding the positive signs of initial recovery, the current global economies are still clouded with uncertainties such as slowing growth of emerging markets, uncertainties in the economic development in Europe, impact of possible coming scaling down of US quantitative easing policies, and other factors specific to China such as possibility of PBOC further tightening liquidity. We will remain cautious on the latest market development and react quickly to the market dynamics. We will continue to tackle the challenges amidst uncertain economic environment through our long term committed strategies in speeding up product innovation, providing the technological product to the point by addressing customers' needs, launching quality assurance campaign and enhancing our pre-sales and after-sales services. We believe that our proven business strategies and strong execution will enable us to maintain our industry-leading position and sustain our growth momentum among the emerging business opportunities. In view of the recent months' sales and order level achieved during the traditional low season and which continue to post positive growth compared with the same period of last year, we remain cautiously optimistic for the remaining of 2013 and if the sentiment in markets will continue to develop positively into the second half of the year, the potential exists for 2013 to reach or even exceed the record revenue level in 2010.

Finally, on behalf of the Board, I would like to thank all staff members for their contribution in the Reported Period. At the same time, I would also like to express our gratitude towards our shareholders, customers, suppliers and business partners for their continued confidence in and support to the Group. We will strive to engage in effective management and execution to ensure the steady development of ourselves and create greater value for our stakeholders over the long run.

FINANCIAL REVIEW

Revenue

Benefiting from the successful launch of our second generation ("Generation 2") of existing product lines and modest recovery of Chinese PIMM market in the first half of 2013, revenue increased to RMB3,620.6 million, representing an increase of 13.9% compared to the 1st half of 2012. The increase is mainly attributable to the domestic sales increased by 18.9% to RMB2,479.1 million compared to the 1st half of 2012. In addition, our export sales reach a new record of RMB1,057.2 million in 1st half of 2013, representing a growth of 4.5% when compared to the revenue in the 1st half of 2012.

Gross Profit

In the 1st half of 2013, we recorded gross profit of approximately RMB1,112.6 million, representing an increase of 17.6% compared to the first half of 2012. Overall gross margin had increased from 29.8% in the 1st half of 2012 to 30.7% in the 1st half of 2013. The increase of gross margin is attributable to better gross margin for Generation 2, improvement in operational efficiency, benefit from economic of scale and relatively stable steel related component costs.

Selling and administrative expenses

The selling and administrative expenses increase by 13.4% from RMB421.4 million in the 1st half of 2012 to RMB477.9 million in the 1st half of 2013. The increase of expense is roughly in line with sales which i) primarily due to the increase in sales commission expenses and transportation charges resulting from higher level of sales in the 1st half of 2013 and ii) increase in administrative expense for business expansion and implementation of Lean Manufacturing process to raise operational efficiency.

Other income

Other income mainly consists of government subsidy and decreased by 63.9% from RMB39.1 million in the 1st half of 2012 to RMB14.1 million in the 1st half of 2013. The decrease is mainly attributable to certain portion of subsidies for year 2013 will be granted and recorded in the 2nd half of 2013 in accordance with accounting requirements.

Other losses – net

Other losses mainly consists of exchange losses and increased from RMB0.7 million in the 1st half of 2012 to RMB9.2 million in the 1st half 2013. The increase is mainly attributable to exchange loss from US dollars denominated export receivables result from RMB appreciation during the 1st half of 2013.

We have borrowed certain amounts of US dollars or Hong Kong dollars denominated loans to reduce the above exchange risk of US denominated export receivables. The respective exchange gain will be classified as the finance income-net in accordance with accounting requirements.

Finance income – net

Finance income, net increased by 160.3% from RMB23.7 million in the 1st half of 2012 to RMB61.7 million in the 1st half of 2013. The increase is mainly attributable to i) a exchange gain of RMB23.6 million recorded from foreign currencies denominated loans ii) increase of interest income resulted from increase in average bank balances and iii) decrease of interest expenses resulted from decrease in average bank loan balances.

Income tax expenses

Income tax expenses increased by 32.7% from RMB101.8 million in the 1st half of 2012 to RMB135.1 million in the 1st half of 2013. Our effective tax rate increased from 17.3% in the 1st half of 2012 to 19.2% in the 1st half of 2013.

Capital Expenditure

During the first half of 2013, our capital expenditure consisted of additions of property, plant and equipment and land use rights which amounted to RMB214.5 million (1H 2012: RMB126.8 million).

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 30 June 2013, our Group was in a strong financial position with a net cash position amounting to RMB1,930.5 million (31 December 2012: RMB2,261.5 million). Accordingly, no gearing ratio is presented.

Charges on Group Assets

As at 30 June 2013, our Group had no pledge of assets (31 December 2012: Nil).

Foreign Exchange Risk Management

During the Reported Period, our Group exported approximately 29.9% of its products to international markets. Such sales were denominated in US dollars or other foreign currencies, while our Group's purchases denominated in US 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 US dollars denominated and HK-dollar denominated bank loans to hedge the exchange risk of US dollars denominated receivables arising from export sales.

Financial guarantee

As at 30 June 2013, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB828.4 million (31 December 2012: RMB861.6 million).

EMPLOYEES

As at 30 June 2013, our Group had a total workforce of approximately 4,900 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$0.15 per share for the six months ended 30 June 2013 which is expected to be paid on or before 25 September 2013 to our shareholders whose names appear on the register of members of the Company on 12 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 September 2013 to 16 September 2013 (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 11 September 2013.

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, except for the deviation set out below, the Company complied with all the applicable code provisions set out in Corporate Governance Code in Appendix 14 of the Listing Rules during the Reported Period.

The Chairman of the Board, Mr. Zhang Jingzhang, and two non-executive Directors, Mr. Guo Mingguang and Mr. Liu Jianbo, were unable to attend the annual general meeting of the Company held on 21 May 2013 due to other important engagement. This is not in compliance with the following Code Provisions:

Code Provision A.6.7: independent non-executive directors and other non-executive directors shall attend general meetings.

Code Provision E.1.2: the chairman of the board should attend the annual general meeting.

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 2013, 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 are confirmed that they had complied with the required standard set out in the Model Code for the Reported Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkex.com.hk and on the Company's website at www.haitian.com. The interim report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

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

Hong Kong, 19 August 2013

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 and Ms. Chen Ningning; the Non-executive Directors are Mr. Guo Mingguang and Mr. Liu Jianbo; and the Independent Non-executive Directors are Mr. Lou Baijun, Mr. Gao Xunxian, Dr. Steven Chow and Mr. Jin Hailiang.