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 2017

HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Increase
	RMB' million	*RMB' million*	%
Revenue	**5,036.9**	3,860.9	30.5
Gross profit	**1,769.5**	1,318.1	34.2
Operating profit	**1,160.7**	799.5	45.2
Profit attributable to shareholders of the Company excluding change in fair value of convertible bonds ("CB")	**1,023.9**	712.8	43.6
Profit attributable to shareholders of the Company	**941.9**	690.2	36.5
Basic Earnings per share (expressed in RMB per share)	**0.59**	0.43	36.5
Dividend per share (expressed in HK$ per share)			
Proposed interim dividend	**0.25**	0.17	47.1

- The strong recovery in the second half of 2016 continued its momentum into the first half of 2017 and we achieved another record sales. The revenue recorded in the first half of 2017 reached RMB5,036.9 million, representing an increase of 30.5% compared to the results recorded in the same period in 2016.

- We made further progress in shifting small-tonnage PIMMs to electrical PIMMs and large-tonnage PIMMs to two-platen PIMMs. The sales of our Zhafir electrical series PIMMs and Jupiter series (large two-platen PIMMs) increased by 53.1% and 38.8% compared to the first half of 2016 and reached RMB521.0 million and RMB629.8 million respectively.

- Gross profit margin continued to improve to 35.1% as a result of improvement in operational efficiency, economy of scale and change in sales mix (1H2016: 34.1%).

- Net profit margin reached a record high of 18.7% (1H2016: 17.9%) as a result of improvement in operational efficiency.

- Profit attributable to shareholders of the Company increased to RMB941.9 million, representing an increase of 36.5% compared to the first half of 2016. Excluding the non-cash accounting loss of change in fair value in CB, profit attributable to shareholders of the Company would increase to RMB1,023.9 million, representing an increase of 43.6% compared to the first half of 2016.

- Basic earnings per share amounted to RMB0.59 during the period, representing an increase of 36.5% compared to the same period in last year.

- The Board proposed an interim dividend of HK25.0 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 2017 (the "Reporting Period"), together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2017**	2016
Revenue	*4*	**5,036,916**	3,860,897
Cost of sales		**(3,267,409)**	(2,542,788)
Gross profit		**1,769,507**	1,318,109
Selling and marketing expenses		**(390,540)**	(333,142)
General and administrative expenses		**(245,081)**	(222,695)
Other income		**14,114**	21,798
Other gain – net		**12,674**	15,447
Operating profit	*5*	**1,160,674**	799,517
Finance income	*6*	**123,995**	109,838
Finance costs	*6*	**(118,853)**	(60,566)
Finance income – net	*6*	**5,142**	49,272
Share of profit of an associate		**1,246**	1,039
Profit before income tax		**1,167,062**	849,828
Income tax expense	*7*	**(225,144)**	(159,660)
Profit for the period		**941,918**	690,168
Profit attributable to:			
Shareholders of the Company		**941,891**	690,168
Non-controlling interests		**27**	–
		941,918	690,168
Dividends	*8*	**340,247**	231,124
Earnings per share for profit attributable to shareholders of the Company during the period (expressed in RMB per share)			
– Basic and Diluted	*9*	**0.59**	0.43

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited Six months ended 30 June 2017	2016
Profit for the period	**941,918**	690,168
Other comprehensive income for the period:		
Items that may be reclassified to profit or loss		
Change in value of available-for-sale financial assets	**13,439**	205
Currency translation differences	**(2,359)**	(1,517)
Total comprehensive income for the period	**952,998**	688,856
Total comprehensive income attributable to:		
Shareholders of the Company	**952,961**	688,856
Non-controlling interests	**37**	–

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

	Note	**30 June 2017 Unaudited**	31 December 2016 Audited
ASSETS			
Non-current assets			
Land use rights		**368,688**	373,307
Property, plant and equipment		**2,917,734**	2,712,312
Investment in an associate		**14,303**	13,057
Deferred income tax assets		**55,874**	55,263
Other receivables		**13,798**	10,855
Term deposits		**100,000**	100,000
		3,470,397	3,264,794
Current assets			
Inventories		**2,023,914**	1,720,104
Trade and bills receivable	*11*	**3,197,308**	2,593,435
Prepayments, deposits and other receivables		**138,146**	364,094
Prepaid income tax		**3,700**	2,184
Available-for-sale financial assets	*12*	**4,194,514**	3,729,044
Restricted bank deposits		**174,118**	112,741
Term deposits		**50,000**	50,000
Cash and cash equivalents		**3,012,585**	3,263,893
		12,794,285	11,835,495
Total assets		**16,264,682**	15,100,289
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*13*	**160,510**	160,510
Share premium		**1,331,913**	1,331,913
Other reserves		**915,985**	904,915
Retained earnings		**7,379,121**	6,721,130
		9,787,529	9,118,468
Non-controlling interests		**647**	610
Total equity		**9,788,176**	9,119,078

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

	Note	**30 June 2017 Unaudited**	31 December 2016 Audited
LIABILITIES			
Non-current liabilities			
Deferred income		**10,303**	9,714
Deferred income tax liabilities		**257,647**	237,180
Convertible bonds	*15*	**931,645**	1,391,965
		1,199,595	1,638,859
Current liabilities			
Trade and bills payable	*14*	**2,955,886**	2,141,068
Accruals and other payables		**1,380,641**	1,440,239
Current income tax liabilities		**90,740**	83,387
Bank borrowings		**849,644**	677,658
		5,276,911	4,342,352
Total liabilities		**6,476,506**	5,981,211
Total equity and liabilities		**16,264,682**	15,100,289
Net current assets		**7,517,374**	7,493,143
Total assets less current liabilities		**10,987,771**	10,757,937

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**160,510**	**1,331,913**	**837,321**	**5,690,564**	**8,020,308**	**–**	**8,020,308**
Comprehensive income							
Profit for the period	–	–	–	690,168	690,168	–	690,168
Other comprehensive income							
Change in value of available-for-sale financial assets	–	–	205	–	205	–	205
Currency translation differences	–	–	(1,517)	–	(1,517)	–	(1,517)
Total comprehensive income for the period ended 30 June 2016	–	–	(1,312)	690,168	688,856	–	688,856
Transactions with owners							
Dividend paid – 2015 second interim	–	–	–	(254,197)	(254,197)	–	(254,197)
Total transactions with owners	–	–	–	(254,197)	(254,197)	–	(254,197)
Balance at 30 June 2016	**160,510**	**1,331,913**	**836,009**	**6,126,535**	**8,454,967**	–	**8,454,967**
Balance at 1 January 2017	**160,510**	**1,331,913**	**904,915**	**6,721,130**	**9,118,468**	**610**	**9,119,078**
Comprehensive income							
Profit for the period	–	–	–	941,891	941,891	27	941,918
Other comprehensive income							
Change in value of available-for-sale financial assets	–	–	13,439	–	13,439	–	13,439
Currency translation differences	–	–	(2,369)	–	(2,369)	10	(2,359)
Total comprehensive income for the period ended 30 June 2017	–	–	11,070	941,891	952,961	37	952,998
Transactions with owners							
Dividend paid – 2016 second interim	–	–	–	(283,900)	(283,900)	–	(283,900)
Total transactions with owners	–	–	–	(283,900)	(283,900)	–	(283,900)
Balance at 30 June 2017	**160,510**	**1,331,913**	**915,985**	**7,379,121**	**9,787,529**	**647**	**9,788,176**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts expressed in RMB'000 unless otherwise stated)

		Six months ended 30 June	
	Note	**2017**	2016
Cash flows from operating activities:			
Net cash generated from operating activities		**897,050**	907,535
Cash flows from investing activities:			
Purchase of property, plant and equipment	*10*	**(327,668)**	(236,318)
Net changes in loan receivables and available-for-sale financial assets		**(311,481)**	(749,930)
Interests received		**119,748**	100,024
Net cash used in investing activities		**(519,401)**	(886,224)
Cash flows from financing activities:			
Net changes in bank borrowings		**171,986**	344,287
Dividends paid to the Company's shareholders		**(283,900)**	(254,197)
Redemption of convertible bonds		**(517,043)**	–
Net cash (used in)/generated from financing activities		**(628,957)**	90,090
Net (decrease)/increase in cash and cash equivalents		**(251,308)**	111,401
Cash and cash equivalents at beginning of period		**3,263,893**	2,349,458
Cash and cash equivalents at end of period		**3,012,585**	2,460,859

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

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 21 August 2017.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

(a) New and amended standards adopted by the Group

Amendments to HKAS 12 'Income taxes' is effective for annual periods beginning on or after 1 January 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Amendment to HKAS 7 "Statement of cash flows" is effective for annual periods beginning on or after 1 January 2017. The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. There is no material impact to the Group for adoption of this amended standard.

(b) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2017 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

		Effective for annual periods beginning on or after
Amendments to HKFRS 12	Disclosure of interest in other entities	1 January 2017

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
HKFRS 15[(ii)]	Revenue from contracts with customers	1 January 2018
HKFRS 9[(i)]	Financial Instruments	1 January 2018
Amendments to HKFRS 4	Insurance Contracts	1 January 2018
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
HKFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16[(iii)]	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/ removed. Early application of the amendments continues to be permitted.

(i) HKFRS 9 Financial instruments

HKFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The debt instruments that are currently classified as available-for-sale financial assets do not appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) nor being measured at amortised cost. Hence, the debt instruments will be measured at fair value through profit or loss (FVPL).

The Group's financial liabilities that are designated at fair value through profit or loss are convertible bonds. There are no significant impact on the Group's accounting for financial liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not identify any hedge relationships. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group is still assessing the actual impact affected by the new model, it may result in an earlier recognition of credit losses for trade receivables. But according to the preliminary result, the financial impact is expected to be immaterial.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) *HKFRS 15 Revenue from contracts with customers*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management has identified the following areas that are likely to be affected:

- unique products – the application of HKFRS 15 may result in a change of revenue recognition pattern to over-time recognition, which could affect the time of the recognition of revenue, and

- accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15.

The Group does not intend to adopt HKFRS 15 before its mandatory date.

(iii) *HKFRS 16 Leases*

HKFRS 16 was issued in January 2016. It will results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB14,659 thousand. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Sales of plastic injection moulding machines and related products	**5,036,916**	3,860,897

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	
	2017	2016
	RMB'000	*RMB'000*
Mainland China	**3,600,077**	2,783,414
Hong Kong and overseas countries	**1,436,839**	1,077,483
	5,036,916	3,860,897

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

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Mainland China	**2,994,165**	2,889,577
Hong Kong and overseas countries	**306,560**	209,099

5. OPERATING PROFIT

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Depreciation and amortisation	**104,059**	89,018
Provision for/(reversal of) impairment of trade receivables	**10,167**	(7,060)
Provision for/(reversal of) write down of inventories	**25,673**	(461)
Raw materials and consumables used	**2,862,250**	2,225,226
Net foreign exchange losses	**17,827**	13,534
Gains on disposal of property, plant and equipment	**(5,235)**	(412)

6. FINANCE INCOME – NET

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Finance cost:		
Changes in fair value of convertible bonds		
– resulted from change in exchange rate	**25,251**	(27,520)
– resulted from change in bond value	**(81,974)**	(22,608)
Interest expenses on bank loans and convertible bonds	**(22,946)**	(10,438)
Net foreign exchange losses	**(39,184)**	–
	(118,853)	(60,566)
Finance income:		
Interest income on restricted bank deposits, term deposits, cash and cash equivalents, wealth management products and entrusted loans	**123,995**	104,985
Net foreign exchange gains	**–**	4,853
	123,995	109,838
Finance income – net	**5,142**	49,272

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current income tax		
– Mainland China enterprise income tax ("EIT")	**174,921**	138,932
– Overseas income tax	**499**	1,133
Deferred taxation	**49,724**	19,595
	225,144	159,660

8. DIVIDENDS

At a meeting held on 21 August 2017 the directors declared an interim dividend of HK25.0 cents (equivalent to approximately RMB21.3 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 2017.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to the shareholders of the Company of approximately RMB941,891,000 (2016: RMB690,168,000) and on the weighted average number of 1,596,000,000 (2016: 1,596,000,000) ordinary shares in issue during the period.

Diluted earnings per share is equal to basic earnings per share as the conversion of convertible bonds to ordinary shares would have anti-dilutive effect.

10. CAPITAL EXPENDITURE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Property, plant and equipment	**327,668**	236,318

11. TRADE AND BILLS RECEIVABLE

Majority of trade and bills receivable 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 36 months. The ageing analysis of trade and bills receivable is as follows:

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Up to 6 months	**2,966,641**	2,303,021
6 months to 1 year	**128,010**	159,511
1 year to 2 years	**77,023**	109,518
2 years to 3 years	**23,802**	48,949
Over 3 years	**49,004**	20,253
	3,244,480	2,641,252
Less: provision for impairment	**(47,172)**	(47,817)
	3,197,308	2,593,435

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are RMB denominated wealth management products with expected return rate ranging from 2.8% to 6.8% (2016: 2.8% to 7.5%) per annum and with maturity dates between 1 day and 371 days (2016: between 4 days and 365 days). None of these assets is either past due or impaired (2016: None).

13. SHARE CAPITAL

	Authorised share capital		
	Number of shares *'000*	*HKD'000*	*RMB'000*
As at 1 January and 30 June 2017	5,000,000	500,000	502,350

	Issued and fully paid		
	Number of shares *'000*	*HKD'000*	*RMB'000*
As at 1 January and 30 June 2017	1,596,000	159,600	160,510

14. TRADE AND BILLS PAYABLE

The ageing analysis of trade and bills payable is as follows:

	As at 30 June 2017 ***RMB'000***	As at 31 December 2016 *RMB'000*
Up to 6 months	**2,953,990**	2,139,747
6 months to 1 year	**540**	285
1 year to 2 years	**382**	202
Over 2 years	**974**	834
	2,955,886	2,141,068

15. CONVERTIBLE BONDS

On 13 February 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,221,400,000). Interest of 2.00% per annum will be paid semi-annually. The convertible bonds may be converted into ordinary shares of the Company, at the option of holder thereof, at any time after 26 March 2014 up to the close of business on the day falling seven days prior to 13 February 2019 (the "Maturity Date") (both days inclusive) or if such convertible bonds shall have been called for redemption before Maturity Date, then up to and including the close of business on a date no later than seven days prior the date fixed for redemption thereof, at an initial conversion price (subject to adjustment for among other things, consolidation and subdivision of shares, capitalization of profits or reserves, right issues, distributions and certain other dilutive events) of HK$24.6740 per share.

On 13 February 2017, the Company redeemed convertible bonds with an aggregate principal amount of USD75,250,000 according to the requirement of the Bondholders. Accordingly, the Redeemed Bonds were redeemed at 100% of their principal amount, together with any accrued but unpaid interest thereon. The Redeemed Bonds were cancelled upon redemption and the remaining outstanding aggregate principal amount of the Bonds will be reduced to USD124,750,000.

The Convertible bonds are designated as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value at initial recognition with transaction cost charge to the profit or loss accounts. Subsequently, the fair values are remeasured, gains and losses from changes therein are recognised in the profit or loss account.

None of convertible bonds were converted into ordinary shares of the Company during the period.

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Convertible bonds issued by the Company		
At 1 January	**1,391,965**	1,270,356
Redeem of convertible bonds during the period	**(517,043)**	–
Change in fair value of convertible bonds	**56,723**	121,609
At 30 June/31 December	**931,645**	1,391,965

The fair value of the convertible bonds as at 30 June 2017 is approximately USD137,524,000 (equivalent to approximately RMB931,645,000), which is determined by valuation technique using observable inputs (Level 2): quoted prices for identical or similar instruments in active markets.

16. COMMITMENTS

(a) Capital commitments

	As at 30 June 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Acquisition of property, plant and equipment contracted but not provided for:	**407,643**	107,857

(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 2017 *RMB'000*	As at 31 December 2016 *RMB'000*
Not later than 1 year	**14,289**	14,441
Later than 1 year and no later than 5 years	**370**	4,026
	14,659	18,467

BUSINESS REVIEW

In the first half of 2017, the global economy showed a mild recovery against the backdrop of a number of positive signs, including less uncertainty in the Eurozone after the French presidential election, improving labour data in the US and a more stable development in the commodity prices and exchange rate for currencies of developing countries. In China, with further progress in supply-side reform and removal of excess and out-of-date capacities and upgrade in industries following improvement in domestic consumption, the economy resumed a healthy growth, as reflected in the above-50 figures of China manufacturing PMI for the majority of the first half of 2017. We observed a clear signal in resumption of corporate CAPEX and a strong demand in the plastic injection moulding machine industry.

Through the commitment of all employees of the Company and its business partners and relying on the outstanding "Plus" series and second generation machines, we achieved another record sales which reached RMB5,036.9 million, representing an increase of 30.5% compared to the results in the same period in 2016. Our operational efficiency and profitability continued to improve and achieve new level as a result of increase in sales, change in sales mix and use of new generation of processing equipment. During the first half of 2017, our gross margin increased to 35.1% from 34.1% in the same period in 2016. The rise of gross margin was attributable to i) improvement in operational efficiency, ii) economy of scale and iii) change in sales mix.

Based on the increase in sales and improvement in gross margin, our operating profits during the six months ended 30 June 2017 increased by 45.2% to RMB1,160.7 million from RMB799.5 million for the same period in 2016. With enhancement in operational efficiency, our net profit margin (excluding the non-cash accounting loss of change in fair value of convertible bonds) improved from 18.5% in the first half of 2016 to 20.3% in the first half of 2017, reaching a record high level. The net profit attributable to shareholders of the Company for the six months ended 30 June 2017 increased to RMB941.9 million, representing an increase of 36.5% compared to the same period in 2016. Excluding the non-cash accounting loss of change in fair value of convertible bonds, the adjusted net profit attributable to shareholders of the Company would increase to RMB1,023.9 million, representing an increase of 43.6% compared to the same period in 2016.

The Board of Directors has declared a first interim dividend of HK$0.25 per share for the six months ended 30 June 2017 (1H2016: HK$0.17 per share).

Domestic and export sales

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

(RMB million)	**1st half of 2017**	**%**	1st half of 2016	%	1st half of 2017 Vs 1st half of 2016
Domestic Sales	**3,540.9**	**70.3%**	2,741.0	71.0%	29.2%
Export Sales	**1,392.0**	**27.6%**	1,042.3	27.0%	33.6%
Parts	**104.0**	**2.1%**	77.6	2.0%	34.0%
Total	**5,036.9**	**100%**	3,860.9	100%	30.5%

The domestic economy in China remained stable and improved gradually in the first half of 2017. The resumption of corporate investment activities in the real economy since the fourth quarter of 2016 continued into 2017 and our sales in China regained a strong momentum. For the first half of 2017, our domestic sales increased by 29.2% to RMB3,540.9 million, way ahead among industrial peers.

For the international market, we observed recovery in the developed economies in Europe and US markets in the first half of 2017. The commodity prices and exchange rate for currencies of developing countries recorded stable development, whereby generating more purchasing activities in such countries. Our continuous investment and input in the overseas markets such as Germany, India and Mexico further drive the sales in such regions and enhance our service quality. During the first half of 2017, we recorded export sales of RMB1,392.0 million, representing an increase of 33.6% compared to the same period in 2016.

Sales mix of PIMMs by product series

The Group's sales by product series are summarized in the following table:

(RMB million)	**1st half of 2017**	**%**	1st half of 2016	%	1st half of 2017 Vs 1st half of 2016
Mars series (energy-saving features PIMMs)	**3,526.8**	**70.0%**	2,685.5	69.6%	31.3%
Zhafir electrical series	**521.0**	**10.3%**	340.4	8.8%	53.1%
Jupiter series (two-platen PIMMs)	**629.8**	**12.5%**	453.7	11.7%	38.8%
Other series	**255.3**	**5.1%**	303.7	7.9%	(15.9%)
Parts	**104.0**	**2.1%**	77.6	2.0%	34.0%
Total	**5,036.9**	**100%**	3,860.9	100%	30.5%

With support from the recovery in key overseas economies and growth in domestic economy, the demand in the plastic injection moulding machinery industry was strong in the first half of 2017. The sales of our Mars series PIMMs recorded a strong growth during this period, which increased from RMB2,685.5 million in the first half of 2016 to RMB3,526.8 million in the first half of 2017, representing an increase of 31.3%. Mars series PIMMs remained our principal products and accounted for approximately 70.0% of our total sales. With its rising market share, the sales of Mars series will be more in line with the demand in the PIMM market in general.

We continued to make progress in shifting small tonnage PIMMs to electrical PIMMs and large tonnage PIMMs to two-platen PIMMs and with the upgrade in industries following improvement in domestic consumption, our Zhafir electrical series PIMMs and Jupiter series two-platen PIMMs receive increasing recognition from customers and their sales reached RMB521.0 million and RMB629.8 million in the first half of 2017, representing an increase of 53.1% and 38.8% compared to the same period in 2016 respectively. The sales mix of electrical PIMMs in small tonnage PIMMs reached 16.3% (1H2016: 13.8%) and that of two-platen PIMMs in medium-to-large PIMMs reached 36.3% (1H2016: 34.5%).

PROSPECT

The growth in global economy resumed its momentum since the fourth quarter in 2016 with a stable speed. The PMI index is also back on its growth track while IMF maintains a positive outlook for recovery of global economy. On the other side of the coin, however, are the potential rise of protectionism in global trade, uncertainty in regulatory and fiscal policy of the US government, the path that BREXIT will finally choose and other geopolitical conflicts, all of which would have major impacts to the improving economies of major countries in the world and the global economy itself.

The Chinese government is making progress in executing the policies of supply-side reform, removal of excess capacities, deleverage in economy and diverting financial capital towards real economy. This injection of new energy leads to increase in investment in manufacturing industry and private sectors.

We remain cautiously optimistic on the current recovery in global economy. We will continue to adhere to the principles of customer demand as guidance and implement the transformation from sale-and-service focus to market-and-application focus in order to generate better response to market demand. We will also make further progress in our modular production and enhancement of the flexibility and efficiency of our production flow through upgrading our manufacturing equipment with automation features. This will direct us towards our production management target of "8+16" which will reduce personnel costs and enhance efficiency. We will execute our global planning through implementing the strategies of local manufacturing in regions such as Germany, India, Vietnam and other key markets and set up application centres in other key regions. This will prepare us for challenges in international markets and the opportunities in recovery of global economies.

We will further innovate in our product development. Our third generation PIMMs with advanced technologies in all aspects of specification will be officially introduced in the second half of 2017 and their launch to the market will commence in 2018. Under the national strategy of "Made in China 2025", we will continue to match our products with the enhanced opportunities resulting from new technologies in digitalization and automation in manufacturing and provide customized solution to our customers through Haitian Smart Solution. While we make progress in business development and technological evolution, we will continue to fulfill our social responsibility and pursue a sustainable development. With ISO 9001 quality management system certification already in place, we will continue our preparation for certification under ISO 14001 environmental management system and OHSAS 18001 occupation health and safety management system. We believe we will maintain our leading role in the next age of digitalization and the use of applicable elements of artificial intelligence and continue to lead in the competitive industry in the world and create greater value for our customers, shareholders and employees.

FINANCIAL REVIEW

Revenue

With the recovery of the world economy, we observed a clear signal in resumption of corporate CAPEX and this momentum since the second half of 2016 continued into the first half of 2017. Relying on the outstanding "Plus" series and second generation machines, we achieved another record sales and our sales reached RMB5,036.9 million, representing an increase of 30.5% compared to the results in the same period in 2016. During the period under review, our domestic sales increased by 29.2% to RMB3,540.9 million and our export sales increased by 33.6% to RMB1,392.0 million.

Gross Profit

In the first half of 2017, we recorded gross profit of approximately RMB1,769.5 million, representing an increase of 34.2% compared to the first half of 2016. Overall gross margin improved to 35.1% in the first half of 2017 (1H 2016: 34.1%) as a result of i) improvement in operational efficiency, ii) economy of scale and iii) change in sales mix.

Selling and administrative expenses

The selling and administrative expenses increased by 14.4% from RMB555.8 million in the first half of 2016 to RMB635.6 million in the first half of 2017. The increase was mainly due to the increase in selling expenses resulting from the increase in sales.

Other income

Other income mainly consists of government subsidy and decreased by 35.3% from RMB21.8 million in the first half of 2016 to RMB14.1 million in the first half of 2017.

Finance income – net

We recorded a net finance income of RMB5.1 million in the first half of 2017 compared to a net finance income of RMB49.3 million for the first half of 2016. The changes were mainly attributable to i) increase in interest income from RMB105.0 million in the first half of 2016 to RMB124.0 million in the first half of 2017 resulting from increase of average bank balances and wealth management products, ii) increase in interest expense from RMB10.4 million in the first half of 2016 to RMB22.9 million in the first half of 2017 resulting from increase of bank loans, iii) we recorded net foreign exchange losses of RMB39.2 million in the first half of 2017 compared to net foreign exchange gains of RMB4.9 million in the same period in 2016, and iv) we recorded non-cash accounting loss of change in fair value of CB of RMB56.7 million in the first half of 2017 compared to RMB50.1 million in the first half of 2016.

Income tax expenses

Income tax expenses increased by 41.0% from RMB159.7 million in the first half of 2016 to RMB225.1 million in the first half of 2017. Our effective tax rate maintained at a similar level of 19.3% in the first half of 2017 (1H 2016: 18.8%).

Net profit attributable to shareholders

As a result, our net profit attributable to shareholders for the six months ended 30 June 2017 increased to RMB941.9 million, representing an increase of 36.5% compared to the first half of 2016. Excluding the change in fair value of CB, the adjusted net profit attributable to shareholders for the six months ended 30 June 2017 increased to RMB1,023.9 million, representing an increase of 43.6% compared to the first half of 2016.

Liquidity, Financial Resources, Borrowing and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 30 June 2017, the Group's total cash and cash equivalents, term deposits and restricted cash amounted to RMB3,012.6 million, RMB150.0 million and RMB174.1 million respectively (31 December 2016: RMB3,263.9 million, RMB150.0 million and RMB112.7 million). The Group's short-term bank borrowing amounted to RMB849.6 million as at 30 June 2017 (31 December 2016: RMB677.7 million).

In February 2014, we issued US dollar denominated 2.00 coupon CB due 2019 of USD200 million for general corporate purposes. In February 2017, we redeemed CB of USD75.25 million and the remaining outstanding aggregate principal amount of CB was reduced to USD124.75 million. As at 30 June 2017, the convertible bonds balance amounted to RMB931.6 million which represented its market fair value of CB (31 December 2016: RMB1,392.0 million).

The Group also placed certain surplus fund into wealth management products which were recorded as available-for-sale financial assets. The wealth management products with floating interests ranging from 2.8% to 6.8% (2016: 2.8% to 7.5%) per annum. As at 30 June 2017, the Group's available-for-sale financial assets amounted to RMB4,194.5 million (31 December 2016: RMB3,729.0 million).

The gearing ratio is defined by management as total borrowings net of cash divided by shareholders' equity. As at 30 June 2017, our Group was in a strong financial position with a net cash position amounting to RMB1,555.4 million (31 December 2016: RMB1,457.0 million). Accordingly, no gearing ratio is presented.

Capital Expenditure

During the first half of 2017, our capital expenditure consisted of additions of property, plant and equipment and land use rights which amounted to RMB327.7 million (1H2016: RMB236.3 million).

Charges on Group Assets

As at 30 June 2017, our group had no pledge of assets (31 December 2016: available-for-sale financial assets amounted to RMB100.0 million were pledged for issuing the letter of guarantee for borrowings).

Foreign Exchange Risk Management

During the Reported Period, our Group exported approximately 28.5% 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. During the Reported Period, our Group borrowed certain Euro denominated bank loans to hedge the exchange risk of Euro denominated receivables arising from export sales.

Financial guarantee

As at 30 June 2017, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB1,226.2 million (31 December 2016: RMB1,250.5 million).

EMPLOYEES

As at 30 June 2017, our Group had a total workforce of approximately 5,500 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.

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PROPOSED INTERIM DIVIDEND

The Board had resolved to recommend the payment of an interim dividend of HK$0.25 per share for the six months ended 30 June 2017 which is expected to be paid on or before 22 September 2017 to our shareholders whose names appear on the register of members of the Company on 7 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 September 2017 to 7 September 2017 (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 2017.

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 existing Appendix 14 of the Listing Rules during six months ended 30 June 2017.

Three non-executive directors and two independent non-executive directors were unable to attend the annual general meeting of the Company held on 18 May 2017 due to other business engagements. This was not in compliance with Code Provision A.6.7 which provides that non-executive directors and independent non-executive directors shall attend general meetings of the Company.

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 2017, 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.

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, 21 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Zhang Jianguo and Ms. Chen Ningning; the Non-executive Directors are Prof. Helmut Helmar Franz, Mr. Guo Mingguang and Mr. Liu Jianbo; and the Independent Non-executive Directors are Mr. Lou Baijun, Dr. Steven Chow, Mr. Jin Hailiang and Mr. Guo Yonghui.