

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Haitian International Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1882)

PROPOSED ADOPTION OF SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of Haitian International Holdings Limited to be held at 1F Conference Room, No. 32–35 Central Jiangnan Road, Beilun District, Ningbo, Zhejiang, People's Republic of China, at 10 a.m. on Thursday, 25 October, 2007 is set out on pages 17 to 18 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806–8, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Haitian International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 1F Conference Room, No. 32–35 Central Jiangnan Road, Beilun District, Ningbo, Zhejiang, People’s Republic of China, on Thursday, 25 October, 2007 at 10 a.m. or any adjournment thereof
“Eligible Person”	means any of the following persons: <ul style="list-style-type: none">(i) an Executive;(ii) a director or proposed director (including an independent non-executive director) of any member of the Group;(iii) a direct or indirect shareholder of any member of the Group;(iv) a supplier of goods or services to any member of the Group;(v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;(vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and(vii) an Associate of any of the foregoing persons
“Employee”	any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group

DEFINITIONS

“Executive”	any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group
“Group”	the Company and its subsidiaries
“Notice”	the notice convening the EGM as set out on pages 17 to 18 of this circular
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme proposed to be adopted at the EGM, the principal terms of which are set out in the Appendix of this circular
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



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)

Executive Directors:

Mr. Zhang Jingzhang (*Chairman*)
Mr. Zhang Jianming (*Chief Executive Officer*)
Prof. Helmut Helmar Franz
Mr. Zhang Jianguo
Mr. Zhang Jianfeng
Mr. Guo Mingguang
Ms. Chen Ningning
Mr. Liu Jianbo

Non-executive Director:

Mr. Hu Guiqing

Independent non-executive Directors:

Mr. Pan Chaoyang
Mr. Gao Xunxian
Mr. Dai Xiangbo
Dr. Steven Chow

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business in
Hong Kong:*

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

8 October, 2007

To the Shareholders,

Dear Sir/Madam,

**PROPOSED ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is (i) to provide you with information on the adoption of the Share Option Scheme; and (ii) to give you a notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

ADOPTION OF SHARE OPTION SCHEME

At the EGM, an ordinary resolution will be proposed to the Shareholders to approve the adoption of the Share Option Scheme for the Eligible Persons pursuant to which the Eligible Persons may be granted options to subscribe for Shares upon and subject to the terms and conditions of the rules of the Share Option Scheme.

A summary of the principal terms of the rules of the Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in the Appendix to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 1105, Level 11, Metroplaza, Tower II, 223, Hing Fong Road, Kwai Fong, N.T., Hong Kong during normal business hours from the date hereof up to and including 24 October, 2007.

The Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the EGM approving the adoption of the Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Options that may be granted under the Share Option Scheme up to 10% of the Shares in issue as at the date of the adoption of the Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the Share Option Scheme given that the variables which are critical for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price for the Shares upon the exercise of the subscription rights attaching to the Options, whether or not Options will be granted under the Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, any conditions that the Board imposed on the Options and whether or not such Options if granted will be exercised by the Grantees. The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the Share Option Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not Options will be granted under the Share Option Scheme, and if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility price of the Share may be subject to during the ten year life span of the Share Option Scheme. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

LETTER FROM THE BOARD

Application for Listing

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted up to 10% of the total number of Shares in issue as at the date of the EGM under the Share Option Scheme.

Reasons for adoption the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Eligible Persons thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

EXTRAORDINARY GENERAL MEETING

The notice convening the EGM is set out on pages 17 to 18 of this circular. Resolutions in respect of the adoption of the Share Option Scheme will be proposed at the EGM.

PROCEDURE FOR DEMANDING A POLL

According to the articles of association of the Company, a poll may be demanded in relation to any resolution put to vote at a general meeting before or on the declaration of the results on show of hands or on the withdrawal of any other demand for a poll. A poll may be demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Yours faithfully,

For and on behalf of the Board of

HAITIAN INTERNATIONAL HOLDINGS LIMITED

Zhang Jingzhang

Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts not contained herein the omission of which would make any statement contained in this circular misleading.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme to be submitted to the Shareholders for adoption at the EGM. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules:

1. Unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Affiliate Company”	a Controlling Shareholder of the Company or a Subsidiary or an Associate of a Controlling Shareholder
“Articles”	the articles of association of the Company adopted pursuant to written resolutions passed by the sole Shareholder on 5 December 2006
“Approval Date”	the day on which the Share Option Scheme shall come into effect
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Haitian International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Person”	means any of the following persons: <ul style="list-style-type: none"> (i) an Executive;

	(ii) a director or proposed director (including an independent non-executive director) of any member of the Group;
	(iii) a direct or indirect shareholder of any member of the Group;
	(iv) a supplier of goods or services to any member of the Group;
	(v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
	(vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
	(vii) an Associate of any of the foregoing persons
“Employee”	any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group
“Executive”	any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group
“Grantee”	any Eligible Person who accepts the offer of the grant of an Option in accordance with the terms of the Share Option Scheme or (in the case of an Eligible Person being an individual and where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Invested Entity”	any entity in which the Group holds any equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Offer Date”	the date of the Board resolution approving the grant of Options, which must be a Business Day
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Option Period”	in respect of an Option, the period commencing immediately after the Business Day on which the Option is deemed to be granted and accepted in accordance with the terms of the Share Option Scheme (the “ Commencement Date ”) and expiring on such date of the expiry of the Option as the Board may in its absolute discretion determine and which shall not exceed 10 years from the Commencement Date but subject to the provisions for early termination under the Share Option Scheme for such Option
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

2. Purpose

The purpose of the Share Option Scheme is to motivate Eligible Persons (as mentioned in the following paragraph) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

3. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the Approval Date on which the following conditions are fulfilled:

- (a) the approval of all the Shareholders of the Company for the adoption of the Share Option Scheme; and

- (b) the approval of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

4. Who may join

The Board may, at its absolute discretion, offer Options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any Eligible Person(s).

5. Maximum number of Shares

- (A) The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10 per cent. of the Shares in issue as at the date of approval of the Share Option Scheme (the “**Scheme Mandate Limit**”) provided that the Company may at any time as the Board may think fit seek approval from its Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not exceed 10 per cent. of the Shares in issue as at the date of approval by the shareholders of the Company in general meeting where the Scheme Mandate Limit is refreshed.
- (B) The Company may seek separate approval from its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by the Company before such approval is obtained.
- (C) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of the Company if this will result in such limit being exceeded.

6. Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company’s issued share capital from time to time.

7. Grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the Approval Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of this Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise). As at the date of this circular the Directors have not determined any minimum period for which an Option must be held before it can be exercised or any performance target which needs to be achieved by the grantee before the Option can be exercised.

8. Granting Options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a Director, chief executive or a substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective Associates, such offer must first be approved by the independent non-executive Directors of the Company (excluding the independent non-executive Director who or whose Associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of the Company, or any of their respective Associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders (voting by way of a poll). The Company shall send a circular to Shareholders containing the information required under the Listing Rules. All connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such general meeting.

Approval from the Shareholders is required for any change in the terms of options granted to a participant who is a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of the Company, or any of their respective Associates.

9. Offer Period and Number accepted

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 30 days from the Offer Date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the Acceptance Date. Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

10. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcements.

11. Exercise price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date.

12. Exercise of Option

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set out in the Share Option Scheme by the Grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.
- (ii) The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company.
- (iii) Subject as hereinafter provided:
 - (a) in the event that the Grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he (or his legal representative(s)) may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as the Board may determine;
 - (b) in the event that the Grantee ceases to be an Executive for any reason (including his employing company ceasing to be a member of the Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to the Group at the relevant time or the transfer of his employment to an Affiliate Company or the termination of his employment with the relevant member of the Group by resignation or termination on the ground of misconduct, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment

and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

- (c) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by the Company;
- (d) if a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, the Company shall give notice thereof to the Grantees who have Options unexercised at the same time as it despatches notices to all members or creditors of the Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of:
 - (i) the Option Period;
 - (ii) the period of two months from the date of such notice; or
 - (iii) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his Option; and

- (e) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

13. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the Allotment Date or, if that date falls on a day when the register of members of the Company is closed, the first date of the re-opening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date hereof shall be before the Allotment Date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the Grantee (or any other person) as the holder thereof.

14. Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

15. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of Option;
- (c) subject to the period mentioned in paragraph (e) of “Exercise of Option”, the date of the commencement of the winding-up of the Company;
- (d) there is an unsatisfied judgement, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts;
- (e) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

16. Adjustment

In the event of any alteration to the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, open offer, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of the Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors appointed by the Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall be made on the basis that the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- (b) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

17. Cancellation of Options not exercised

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the Grantee commits or permits or attempts to commit or permit a breach of restriction on transferability under paragraph 19 below or any terms or conditions attached to the grant of the Option;

- (b) the Grantee makes a written request to the Board for the Option to be cancelled;
or
- (c) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a Subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

18. Termination

The Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

19. Transferability

The Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered), except with the prior written consent of the Board from time to time. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

20. Amendment

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the shareholders of the Company in general meeting, provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules: (i) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Share Option Scheme); (ii) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantee; and (iii) any alteration to the aforesaid termination provisions.



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Haitian International Holdings Limited (the “Company”) will be held at 1F Conference Room, No. 32–35 Central Jiangnan Road, Beilun District, Ningbo, Zhejiang, People’s Republic of China, at 10 a.m. on Thursday, 25 October, 2007 to consider and, if thought fit, approve the following resolutions:

AS ORDINARY RESOLUTION

“**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this Notice, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “**Share Option Scheme**”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorized to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

For and on behalf of the board of directors of
Haitian International Holdings Limited
Zhang Jingzhang
Chairman

Date: 8 October, 2007

Registered office:

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

Principal place of business in Hong Kong:

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

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one person as his proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-8, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.
3. The register of members of the Company will be closed from 23 October, 2007 to 24 October, 2007, both days inclusive, during which no transfer of share will be effected. In order to qualify for attending the extraordinary general meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 October, 2007 for registration.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto to if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.