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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

HIGHLIGHTS

	2010 *RMB'million*	2009 *RMB'million*	Change %
Sales	**7,057.3**	3,861.3	82.8
Profit before taxation	**1,293.1**	513.0	152.1
Profit attributable to equity holders of the Company	**1,062.6**	450.0	136.1
Basic Earnings per share (expressed in RMB per Share)	**0.67**	0.28	136.1
Dividend per share (expressed in HK$ per Share)			
Proposed final	**0.18**	0.10	80.0
Full year (including interim)	**0.33**	0.13	153.8

- The high-level of sales observed in the first half of 2010 continued into the second half of 2010 and as a result the sales in 2010 recorded a growth of 82.8% compared with sales in 2009
- Gross profit margin broke previous record of 29.3% in 2007 and improved from 25.9% in 2009 to 30.2% in 2010
- With improved gross profit margin and benefiting from economy of scale, our net profit margin improved from 11.7% in 2009 to 15.1% in 2010
- Profit attributable to equity holders of the Company increased from RMB450.0 million in 2009 to RMB1,062.6 million in 2010
- A record of more than 30,000 plastic injection moulding machines sold in 2010
- The Board proposed a final dividend of HK18 cents per share, total dividend for 2010 amounted to HK33 cents which increased by 153.8% compared with 2009
- Significant increase in net cash from RMB1,597.0 million in 2009 to RMB2,025.6 million in 2010

The board of directors (the "Board") of Haitian International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 with comparative figure for the year ended 31 December 2009 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	**2010** *RMB'000*	2009 *RMB'000*
Sales	*2*	**7,057,328**	3,861,341
Cost of sales		**(4,923,817)**	(2,862,617)
Gross profit		**2,133,511**	998,724
Selling and marketing expenses		**(566,221)**	(333,370)
General and administrative expenses		**(290,259)**	(207,639)
Other income		**23,913**	23,812
Other (losses)/gains – net	*3*	**(29,168)**	18,927
Operating profit		**1,271,776**	500,454
Finance income		**27,949**	21,115
Finance costs		**(7,977)**	(8,901)
Finance income – net	*4*	**19,972**	12,214
Share of profit of an associate		**1,316**	322
Profit before income tax		**1,293,064**	512,990
Income tax expense	*5*	**(230,505)**	(62,964)
Profit for the year		**1,062,559**	450,026
Attributable to:			
Equity holders of the Company		**1,062,559**	450,026
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– basic	*6*	**0.67**	0.28
Dividends	*7*	**451,016**	182,547

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

	2010	2009
	RMB'000	*RMB'000*
Profit for the year	**1,062,559**	450,026
Other comprehensive income:		
Currency translation differences	**(3,501)**	5,743
Total comprehensive income for the year	**1,059,058**	455,769
Total comprehensive income attributable to:		
Equity holders of the Company	**1,059,058**	455,769

CONSOLIDATED BALANCE SHEET
As at 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Land use rights		**236,703**	137,796
Property, plant and equipment		**1,349,737**	1,158,459
Intangible assets		**3,501**	5,601
Investment in an associate		**3,074**	1,589
Deferred income tax assets		**34,498**	37,131
		1,627,513	1,340,576
Current assets			
Inventories		**1,263,230**	940,162
Trade and bills receivables	8	**1,697,043**	1,251,591
Prepayments, deposits and other receivables		**228,779**	379,766
Pledged bank deposits		**353,954**	138,030
Cash and cash equivalents		**2,016,748**	1,696,118
		5,559,754	4,405,667
Total assets		**7,187,267**	5,746,243
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	**160,510**	160,510
Reserves		**3,873,703**	3,163,877
Total equity		**4,034,213**	3,324,387
LIABILITIES			
Non-current liabilities			
Deferred income		**41,892**	13,188
Deferred income tax liabilities		**56,909**	14,682
		98,801	27,870

CONSOLIDATED BALANCE SHEET *(Continued)*
As at 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	**2010** *RMB'000*	2009 *RMB'000*
Current liabilities			
Trade and bills payables	*9*	**1,688,602**	1,530,590
Accruals and other payables		**959,163**	601,076
Current income tax liabilities		**61,428**	25,132
Bank borrowings		**345,060**	237,188
		3,054,253	2,393,986
Total liabilities		**3,153,054**	2,421,856
Total equity and liabilities		**7,187,267**	5,746,243
Net current assets		**2,505,501**	2,011,681
Total assets less current liabilities		**4,133,014**	3,352,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

		Attributable to equity holders of the Company		
	Note	Share capital RMB'000	Reserves RMB'000	Total equity RMB'000
Balance at 1 January 2009		160,510	2,792,492	2,953,002
Comprehensive income				
Profit for the year		–	450,026	450,026
Other comprehensive income				
Currency translation differences		–	5,743	5,743
Total comprehensive income for the year ended 31 December 2009		–	455,769	455,769
Transactions with owners				
Dividend paid				
– 2008 final		–	(42,216)	(42,216)
– 2009 interim	7	–	(42,168)	(42,168)
Total transactions with owners		–	(84,384)	(84,384)
Balance at 31 December 2009		160,510	3,163,877	3,324,387
Balance at 1 January 2010		160,510	3,163,877	3,324,387
Comprehensive income				
Profit for the year		–	1,062,559	1,062,559
Other comprehensive income				
Currency translation differences		–	(3,501)	(3,501)
Total comprehensive income for the year ended 31 December 2010		–	1,059,058	1,059,058
Transactions with owners				
Dividend paid				
– 2009 final	7	–	(140,379)	(140,379)
– 2010 interim	7	–	(208,853)	(208,853)
Total transactions with owners		–	(349,232)	(349,232)
Balance at 31 December 2010		160,510	3,873,703	4,034,213

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 December 2010
(Amounts expressed in RMB'000 unless otherwise stated)

	2010	2009
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,064,978**	786,421
Net cash used in investing activities	**(288,076)**	(28,834)
Net cash used in financing activities	**(456,272)**	(296,549)
Net increase in cash and cash equivalents	**320,630**	461,038
Cash and cash equivalents at beginning of year	**1,696,118**	1,235,080
Cash and cash equivalents at end of year	**2,016,748**	1,696,118

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The adoption of this revised standards has no impact on the Group and the Company financial statements, as there was no business combination for the year ended 31 December 2010.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current year, as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term. The adoption of HKAS 17 (amendment) has no impact to the Group and the Company financial statements.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 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
HK(IFRIC) 17	Distribution of non-cash assets to owners	1 July 2009
HK(IFRIC) 18	Transfers of assets from customers	1 July 2009
HK(IFRIC) 9	Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement	1 July 2009
HK(IFRIC) 16	Hedges of a net investment in a foreign operation	1 July 2009
HKFRS 5 (amendment)	Non-current assets held for sale and discontinued operations	1 July 2009
HKAS 36 (amendment)	Impairment of assets	1 January 2010
HKAS 38 (amendment)	Intangible assets	1 January 2010
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions	1 January 2010
HKAS 1 (amendment)	Presentation of financial statements	1 January 2011

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to HKAS 32	Classification of rights issues	1 February 2010
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
HKAS 24 (revised)	Related party disclosures	1 January 2011
Amendments to HK (IFRIC) – Int 14	Prepayments of a minimum funding requirement	1 January 2011
HKAS 12 (amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKFRS 9	Financial instruments	1 January 2013

Apart from the above, the HKICPA has issued the third annual improvements project (2010) in May 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wordings. The Group has not applied the following revised HKFRSs published in the third annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 3 (Revised)	Business combinations	1 July 2010
HKAS 27	Consolidated and separate financial statements	1 July 2010
HKFRS 1	First time adoption of International Financial Reporting Standards	1 January 2011
HKFRS 7	Financial instruments: Disclosure	1 January 2011
HKAS 1	Presentation of financial statements	1 January 2011
HKAS 34	Interim financial reporting	1 January 2011
HK (IFRIC) – Int 13	Customer loyalty programmes	1 January 2011

2. SALES AND SEGMENT INFORMATION

	2010	2009
	RMB'000	*RMB'000*
Sales of plastic injection moulding machines and related products	**7,057,328**	3,861,341

The chief operating decision-maker has been identified as the executive committee, which comprises all executive directors and senior management. The decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the decision-maker has determined that no segment information is presented as over 90% of the Group's sales and operating profits are derived from the sales of plastic injection moulding machines, and over 90% of the Group's productions and operating assets are located in Mainland China, which is considered as one segment with similar risks and returns.

The Group is domiciled in Mainland China. Analysis of its sales to external customers in different countries, based on the customers' locations is as follows:

	2010	2009
	RMB'000	*RMB'000*
Mainland China	**5,332,069**	3,003,365
Hong Kong and overseas countries	**1,725,259**	857,976
	7,057,328	3,861,341

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

	2010	2009
	RMB'000	*RMB'000*
Total non-current assets other than deferred tax assets		
– Mainland China	**1,484,253**	1,196,615
– Hong Kong and overseas countries	**108,762**	106,830
Deferred income tax assets	**34,498**	37,131
	1,627,513	1,340,576

3. OTHER (LOSSES)/GAINS – NET

	2010	2009
	RMB'000	*RMB'000*
Net exchange (losses)/gains	**(32,663)**	9,547
Gain/(loss) on disposals of property, plant and equipment, net	**59**	(712)
Gain on disposal of land use rights, net	**–**	8,436
Others	**3,436**	1,656
	(29,168)	18,927

4. FINANCE INCOME/COSTS

	2010	2009
	RMB'000	*RMB'000*
Finance costs:		
Interest expense	**(7,218)**	(8,072)
Net foreign exchange losses on borrowings	**(759)**	(829)
	(7,977)	(8,901)
Finance income:		
Interest income on pledged bank deposits and cash and cash equivalents	**22,549**	19,847
Interest income on loans to distributors and suppliers	**5,400**	1,268
	27,949	21,115
Finance income, net	**19,972**	12,214

5. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statement represents:

	2010	2009
	RMB'000	*RMB'000*
Current income tax		
– Mainland China enterprise income tax	**179,084**	47,992
– Overseas tax	**611**	4,188
Deferred taxation	**50,810**	10,784
	230,505	62,964

Applicable Tax Rate to the Group's subsidiaries:

Ningbo Haitian Shili Machineny Co., Ltd., Wuxi Haitian Machinary Co., Ltd. and Ningbo Haitian Technology Co., Ltd. were entitled for a reduced tax rate of 12.5% for the year 2010. Ningbo Haitian Huayuan Co., Ltd. and Ningbo Zhafir Plastics Machinery Co., Ltd. were entitled for a reduced tax rate of 11% for the year 2010.

Ningbo Haitian Beihua Science and Technology Co., Ltd., Haitian Plastics Machinery Group Limited and Ningbo Haitian Heavywork Machinery Co., Ltd. were certified as High and New Technology Enterprises in 2008 or 2009 and were entitled to a reduced tax rate of 15% for three years commencing from 1 January 2008 or 2009. They are entitled to re-apply for preferential tax treatment when the preferential tax period expires.

Ningbo Daxie Development Zone Haitian Machinery Co., Ltd.'s enterprise income tax rate would gradually increase to 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

Other major operating subsidiaries in Mainland China are subject to enterprise income tax rate of 25% for the year 2010.

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the taxable income for the year 2010 (2009: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries in which the Group operates.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit attributable to the equity holders of the Company of approximately RMB1,062,559,000 (2009: RMB450,026,000) and on the weighted average number of approximately 1,596,000,000 (2009: 1,596,000,000) ordinary shares in issue during the year.

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

7. DIVIDENDS

	2010	*2009*
	RMB'000	*RMB'000*
Interim dividend paid of HKD15.0 cents (2009: HKD3.0 cents) per ordinary share	**208,853**	42,168
Proposed final dividend of HKD18.0 cents (2009: HKD10.0 cents) per ordinary share	**242,163**	140,379
	451,016	182,547

8. 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:

	2010	2009
	RMB'000	*RMB'000*
Up to 6 months	**1,520,486**	1,148,360
6 months to 1 year	**136,837**	67,523
1 year to 2 years	**51,293**	38,744
Over 2 years	**17,478**	11,401
	1,726,094	1,266,028
Less: provision for impairment	**(29,051)**	(14,437)
	1,697,043	1,251,591

9. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables is as follows:

	2010	2009
	RMB'000	*RMB'000*
Up to 6 months	**1,686,195**	1,527,373
6 months to 1 year	**350**	2,289
1 year to 2 years	**1,637**	570
Over 2 years	**420**	358
	1,688,602	1,530,590

10. SHARE CAPITAL

	Authorised share capital		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 31 December 2009 and 2010 (shares with a par of HKD0.1 per share)	5,000,000	500,000	502,350

	Issued and fully paid up		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 31 December 2009 and 2010 (shares with a par of HKD0.1 per share)	1,596,000	159,600	160,510

11. COMMITMENTS

(a) Capital commitments

	2010	*2009*
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
– Contracted but not provided for	**99,173**	7,456

(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 renewal rights.

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

	2010	*2009*
	RMB'000	*RMB'000*
Not later than 1 year	**636**	2,529
Later than 1 year and not later than 5 years	**230**	880
	866	3,409

12. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the consolidated financial statements is as follows:

	2010	2009
	RMB'000	*RMB'000*
Guarantee given to the banks in connection with banking facilities granted to customers	**523,681**	457,218

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

2010 was a year of unprecedented growth in revenue and profit for Haitian. For the year ended 31 December 2010 (the "Reporting Period"), we achieved sales of RMB7,057.3 million and profit attributable to shareholders of RMB1,062.6 million, representing an increase of 82.8% and 136.1% respectively when compared with RMB3,861.3 million and RMB450.0 million in 2009. The substantial increase was a result of (i) the strong recovery of the domestic economy in the PRC from the financial crisis and continuous growth in consumption in both the PRC and some overseas markets which led to an increase in capital investment in manufacturing industries, (ii) expansion of our market share in both domestic and export markets as a result of strategic measures implemented during the financial crisis and (iii) a strong growth in the sales of our energy-saving plastic injection moulding machines (PIMMs), the Mars series and our all-electric PIMMs, the Venus series.

Domestic consumption in the PRC had been strong throughout 2010 and some of our export markets are also showing signs of growing demand in the second half of 2010. Such continuous high-level of demand and consumption of plastic products led to an unprecedented high-level of demand of our PIMMs. Most of our downstream industries, including automobiles, household electrical appliances, construction materials, plastic packaging, IT and electronic products etc. had shown a strong recovery from the financial crisis and had a substantial increase in their capital investment in 2010.

We had implemented a series of measures during the financial crisis in view of the weak demand and uncertain outlook, including strengthening our cost control, enhancing our production efficiency and increasing our after-sales servicing effort. All such measures, together with the important decision made by our management that no single production line was closed during the financial crisis, had prepared us to seize the recovery opportunity, expand our customer base and gain market share from our competitors. We have navigated through many crisis in our history of over 45 years and our management had once again demonstrated their determination to make Haitian a sustained and market-leading enterprise and ability to explore opportunity through crisis.

Our energy-saving PIMMs, the Mars series, generated very strong demand in 2010. Its innovative and customer-oriented energy-saving features receive overwhelming recognition in the market and its sales have been growing since its initial launch in 2006 and even during the financial crisis. The recent emphasis of environmental-friendly policy by the PRC Government further drives the demand of our Mars series PIMMs and with four years of track record and experience in servicing customers on such machines, we have already established a market-leading position in energy-saving PIMMs segment and continue to draw demand from existing and new customers.

Domestic and export sales

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

(RMB million)	**2010**	**%**	**2009**	**%**	**2010 vs 2009**	**1H2010**	**%**	**2H2010**	**%**	**2H2010 vs 1H2010**
Domestic Sales	**5,228.4**	**74.1**	2,916.9	75.5	**+79.2%**	**2,383.3**	**73.8**	**2,845.1**	**74.4**	**+19.4%**
Export Sales	**1,698.5**	**24.1**	841.1	21.8	**+101.9%**	**792.3**	**24.5**	**906.2**	**23.7**	**+14.4%**
Parts	**130.4**	**1.8**	103.3	2.7	**+26.2%**	**55.9**	**1.7**	**74.5**	**1.9**	**+33.3%**
Total	**7,057.3**	**100.0**	3,861.3	100.0	**+82.8%**	**3,231.5**	**100.0**	**3,825.8**	**100.0**	**+18.4%**

The Group's domestic sales had recorded strong growth in 2010, rising 79.2% from RMB2,916.9 million in 2009 to RMB5,228.4 million in 2010. The growth is remarkable for a mature heavy machinery industry such as the PIMM manufacturing industry and it reflected the strong domestic consumption and demand for plastic products in the PRC. Despite the recent austerity measures of the PRC Government to restrict the liquidity in the financial market and control the rising inflation, we remain optimistic about the domestic consumption growth in the PRC in view of the rising purchasing power of the public and the PRC Government's continuous support for related industries.

The Group's export sales had also expanded substantially in 2010 from RMB841.1 million in 2009 to RMB1,698.5 million in 2010, representing a growth of 101.9% and exceeding our pre-financial-crisis record of RMB1,343.5 million in 2008 by 26.4%. We believe that there are still spaces for future growth in export sales as many developed economies in our current and potential overseas markets still have not returned to the pre-financial crisis growth rate and we will continue to expand our export coverage to broaden our reach to regions and countries where we can boost the sales of our PIMMs.

Small and medium-to-large tonnage sales

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

(RMB million)	**2010**	**%**	**2009**	**%**	**2010 vs 2009**	**1H2010**	**%**	**2H2010**	**%**	**2H2010 vs 1H2010**
Small tonnage*	**4,458.6**	**63.2**	2,624.8	68.0	**+70.0%**	**2,104.9**	**65.2**	**2,353.7**	**61.5**	**+11.8%**
Medium-to-large tonnage*	**2,468.3**	**35.0**	1,133.2	29.3	**+117.8%**	**1,070.7**	**33.1**	**1,397.6**	**36.5**	**+30.5%**
Parts	**130.4**	**1.8**	103.3	2.7	**+26.2%**	**55.9**	**1.7**	**74.5**	**2.0**	**+33.3%**
Total	**7,057.3**	**100.0**	3,861.3	100.0	**+82.8%**	**3,231.5**	**100.0**	**3,825.8**	**100.0**	**+18.4%**

* *Small tonnage: PIMM with clamping force of less than 530 tonnes. Medium-to-large tonnage: PIMM with clamping force of 530 tonnes or more.*

The Group's small tonnage PIMM sales in 2010 amounted to RMB4,458.6 million, representing a growth of 70.0% compared with RMB2,624.8 million in 2009 while our medium-to-large tonnage PIMM sales in 2010 amounted to RMB2,468.3 million, representing a growth of 117.8% compared with RMB1,133.2 million in 2009. The sales of medium-to-large tonnage PIMMs generally respond slower to change in economy and therefore had achieved a higher growth rate in 2010 when the market had further recovered from the financial crisis.

Mars and Venus series

The Group's sales of Mars series PIMMs (which are our Group's PIMMs with strong energy saving features) in 2009 and 2010 are summarized in the following table:

(RMB million)	2010	Percentage to total sales	2009	Percentage to total sales	2010 vs 2009	1H2010	Percentage to total sales	2H2010	Percentage to total sales	2H2010 vs 1H2010
Mars	**4,830.2**	**68.4%**	2,082.0	53.9%	**+132.0%**	**2,098.4**	**64.9%**	**2,731.8**	**71.4%**	**+30.2%**

Our energy-saving PIMMs, the Mars series, have continuously increased its penetration into the market and built our leadership in the new era of environmental-friendly machineries. Its innovative and customer-oriented energy-saving features are well-recognized in the market and it receives further support from the government's environmental-friendly policy which is one of the main focus in the PRC Government's next five-year plan. We recorded sales of Mars series PIMMs in the amount of RMB4,830.2 million in 2010, representing a growth of 132.0% compared with RMB2,082.0 million in 2009 and Mars series PIMMs accounted for 68.4% of our total sales in 2010. With a view to match the PRC Government's emphasis of energy-saving and environmental protection, we had completed modification to our production process and facilities and target that our domestic sales of hydraulic PIMMs in 2011 will comprise only Mars series PIMMs and PIMMs with Mars series energy-saving features.

The Group's sales of Venus series PIMMs (which are our Group's all-electric PIMMs) in 2009 and 2010 are summarized in the following table:

(RMB million)	2010	Percentage to total sales	2009	Percentage to total sales	2010 vs 2009	1H2010	Percentage to total sales	2H2010	Percentage to total sales	2H2010 vs 1H2010
Venus	**172.0**	**2.4%**	42.5	1.1%	**+304.7%**	**83.3**	**2.6%**	**88.7**	**2.3%**	**+6.6%**

Only in the second year after its launch, our Group's first all-electric PIMMs, the Venus series, had recorded a very encouraging sales, amounting to RMB172.0 million and representing an increase of 304.7% compared with RMB42.5 million in 2009. All-electric PIMMs are required for manufacturing of high-precision plastic products which are consumed in high-tech industries such as IT & electronics, automobiles and packaging and our ability to manufacture and sell self-developed all-electric PIMMs reflects our strong research and development capability. Our Venus series PIMMs are able to compete not only with overseas branded PIMMs imported to the PRC market but also globally with other brands in different overseas markets and we believe there are substantial spaces for future growth of such products.

Our continuous input in research and development and launch of successful new models of PIMMs, such as Mars and Venus series, with technological features which are leading in the PRC and competitive with overseas brand, has separated ourselves from local competitors which are mostly focused on cost efficiency and low-end and mid-end products. Our latest high-end all electric PIMMs, the Mercury series, with technological features which we believe are pioneer on a global scale, will further strengthen our position as a key player in the PIMM industry worldwide and attract new customers globally.

2010 marked the fifth year since our initial public offering in 2006. During these years, our management and employees had devoted their time and effort to the growth of Haitian and helped establish Haitian as a world-leading PIMM manufacturer. Our Group had recorded a compound annual growth rate of 22.1% in its revenue and 23.9% in its profit attributable to shareholders between 2006 and 2010 and we believe Haitian will continue to bring growth and value to our customers and shareholders in the future.

Prospects

The high-level of orders for our PIMMs in 2010 had continued into the first two months of 2011 during which our sales were more than 20% above the same period in 2010. We are confident that our leading position in the market, the new market share earned in 2010 and our continuous innovation in product design will continue to grow and support our performance in 2011. However, after considering the macro-economy environment in both domestic and international markets in 2011, we are also aware of the potential risk of a slow-down in growth of business in view of a number of factors, including the austerity measures implemented by the PRC Government to control liquidity and inflation, the uncertain outlook of some of our downstream industries and the volatility in raw material prices brought by the fluctuations in the commodity market. Our management will closely monitor the development of the above-mentioned risks and plan to tackle such risks with the following measures:

Strengthen export sales

In 2010, the PRC economy demonstrated a fast recovery from the financial crisis and as a result the business growth for our domestic sales surpassed our export sales growth after the financial crisis. In 2011, in contrast, the growth in overseas economy is expected to become more stable and accordingly we will strengthen our export sales effort through developing more overseas markets, expanding our product-mix for our export business, adjusting our marketing and sales strategy and increasing our production capacity for export sales (our new production facility at Vietnam is expected to commence operation in the second quarter of 2011) in order to capture the restored growth of the PIMM industry in our export markets.

Raise operational efficiency

By the end of 2010, we had completed the upgrade of metal processing equipment in most of our existing production facilities and we plan to further upgrade and enhance our production facilities to increase their efficiency and rate of output.

Our management has formulated a new strategy to strengthen our market leading position and scale of operation with the introduction of Lean Manufacturing concept to our Group. Through a series of measures such as improving production environment, revising production flow, strengthening technology used in production linkage, reducing wastes and raising production efficiency, we intend to increase our efficiency through exploring potential in different internal aspects of our operation. This will allow us to shorten our capital cycle, reduce inventory level, enhance our response to market feed-back and raise our profit margin and ability to resist external risk in economy.

Increase research and development input

We will continue to increase our investment in the research and development of new technologies, new products and new applications of our PIMMs and target to enhance the precision, energy-saving capability, reliability and price-performance ratio of our products. We plan to launch our next generation of hydraulic-electric energy saving PIMMs, the Pallas series, in the second half of 2011 which will further strengthen our competitiveness in the market.

Our another focus in 2011 will be to increase the scale of research and development and production capacity for our high-end all-electric PIMMs and thereby raising our market share in this segment. The sales of our first all-electric PIMMs, the Venus series, have remained at a high level in the start of 2011, reflecting the general acceptance of our first high-end PIMMs among our customers and setting the platform for our future growth in high-end PIMMs. We also plan to launch our next generation of all-electric PIMMs, the Mercury series, in 2011, which have features which we believe are pioneer in the international PIMM industry.

We are also preparing to launch a new generation of energy-saving machines for our Tianjian brand PIMMs, through which we will be able to further penetrate into different spectrum of the PIMM industries.

Strengthen after-sale services

We will also strengthen our capability and quality of after-sale services to our customers. We will provide better support to our distributors and agents, reduce the response-time for our after-sale services, raise the efficiency in the delivery of parts and components to customers, strengthen technical support to customers and provide incentive schemes to our employees for after-sale services provided. We believe such measures will increase our customers' confidence in our products, enhance communication with the customers and consequently raise the brand image and value of our Haitian, Zhafir and Tianjian brands.

We believe that through the above-mentioned measures, Haitian will be able to deliver outstanding results in 2011 and bring satisfactory returns to our shareholders.

Financial Review

Sales

The strong domestic demand of PIMM industry in the PRC had continued throughout 2010 and our sales in the second half of 2010 had increased by 18.4% compared with the first half of 2010. As a result, our sales increased from RMB3,861.3 million in 2009 to RMB7,057.3 million in 2010, representing a growth of 82.8%.

Gross Profit

During the Reporting Period, we recorded gross profit of approximately RMB2,133.5 million, representing an increase of approximately 113.6% compared with 2009. Overall gross margin had increased from 25.9% in 2009 to 30.2% in 2010, which exceeded our previous record of 29.3% in 2007.

During the Reporting Period, the cost of raw material, especially steel and related components, had gradually increased along with general inflation which is expected to continue to rise. However, we were benefited from the followings: (i) the economy of scales as a result of the substantial increase in sales, and our export sales and sales of medium-to-large tonnage PIMMs, which recorded higher margin, had also increased by 101.9% and 117.8% in 2010 compared with 2009; and (ii) the factors which caused our low gross margin in 2009, which included the consumption of higher cost of materials and component which were purchased before the financial crisis and low utilization of plant and equipment, no longer existed. Therefore we were able to improve our gross margin back to pre-financial crisis level.

Selling and administrative expenses

The selling and administrative expenses increased by 58.3% from RMB541.0 million in 2009 to RMB856.5 million in 2010, primarily due to (i) the increase in sales commission expenses and transportation charges resulting from high level of sales during the Reporting Period, (ii) the increase in employee costs resulting from high level production during the Reporting Period and (iii) increase in research and development expenses with continuing effort for next generation products and other R&D projects.

Other income

Other income mainly consists of government subsidy and increased by 0.4% from approximately RMB23.8 million in 2009 to approximately RMB23.9 million in 2010.

Other (losses)/gain, net

We recorded other net losses of RMB29.2 million during the Reporting Period as compared with other net gains of RMB18.9 million in 2009. The net losses mainly represented exchange losses resulting from appreciation of Renminbi against foreign currencies, mainly including US dollars and Euro.

Operating profit

As a result of the foregoing, the operating profit increased from RMB500.5 million in 2009 to RMB1,271.8 million in 2010.

Finance income — net

Finance income, net increased by 63.5% from RMB12.2 million in 2009 to RMB20.0 million in 2010, which is mainly contributed by increased cash balance during the Reporting Period.

Income tax expenses

Income tax expenses increased by 266.1% from RMB63.0 million in 2009 to RMB230.5 million in 2010. The substantial increase was mainly resulted from (i) the increase in operating profit, (ii) the provision of 5% dividend withholding tax for the profit to be distributed by the Chinese subsidiaries and (iii) increase in effective tax rate resulting from the expiration of tax free incentive of certain operating subsidiaries.

Research and Developments and Products

In 2010, we continued our research and development effort for our next generation of energy-saving PIMMs and all-electric PIMMs, namely the Pallas series and the Mercury series. We have been working closely with our current and potential customers to make adjustment on different features of these new series to ensure they are able to meet the high standard set by our customers. We plan to launch the Pallas series in the second half of 2011 and further increase the proportion of energy-saving PIMMs in our total sales. Our Mercury series all-electric PIMMs have unique features, which we believe are pioneer design for all-electric PIMMs. With such features it will be able to process a broad range of plastic materials, some of which in the past were not considered cost-efficient enough to be handled by PIMMs.

Capital Expenditure

In 2010, our capital expenditure consisted of additions of property, plant and equipment and land use rights which amounted to RMB391.6 million (2009: RMB135.5 million).

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 31 December 2010, our Group was in a strong financial position with a net cash position amounting to RMB2,025.6 million (2009: RMB1,597.0 million). Accordingly, no gearing ratio is presented.

Charges on Group Assets

As at 31 December 2010, our Group had pledged deposits of RMB354.0 million (2009: RMB138.0 million), mainly as collaterals against bank borrowings.

Foreign Exchange Risk Management

During the Reporting Period, our Group exported approximately 24.1% 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 10.0% of our total purchases. Our Group did not use any forward contracts or other means to hedge its foreign currency exposure. Our management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts. During the Reporting Period, our Group borrowed a US-dollar denominated bank loan amounted to RMB131.1 million and a HK-dollar denominated bank loan which amounted to RMB136.1 million to hedge the exchange risk of US-dollar denominated receivables arising from export sales.

Contingent Liabilities

As at 31 December 2010, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB523.7 million (2009: RMB457.2 million).

Employees

As at 31 December 2010, our Group had a total workforce of approximately 4,300 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. Total staff costs for 2010 amounted to RMB441.6 million, representing an increase of 53.7% compared with RMB287.4 million in 2009.

Proposed Final Dividend

The Board had resolved to recommend the payment of a final dividend of HK$0.18 per share for the financial year ended 31 December 2010 which is expected to be paid on or before 5 May 2011 to our shareholders whose names appear on the register of members at the close of business on 21 April 2011, subject to final approval at the Annual General Meeting of the Company.

Closure of Register of Members

The register of members of the Company will be closed from 19 April 2011 to 21 April 2011 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the final 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 18 April 2011.

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 Reporting Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphasizes on maintaining a Board with balance of skill sets of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company complied with all the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules during the Reporting Period.

AUDIT COMMITTEE

The Company has set up an audit committee 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 financial information for the year ended 31 December 2010, including the accounting principles adopted by the Group, with the Company's management. The audit committee, together with the management and the external auditors, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASES, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its listed shares during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the Reporting Period.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (http://www.hkex.com.hk) and the Company's website (http://www.haitian.com). The annual report will be dispatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

By Order of the Board
Haitian International Holdings Limited
Zhang Jianming
Chief Executive Officer

Hong Kong, 15 March 2011

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jingzhang, Mr. Zhang Jianming, Prof. Helmut Helmar Franz, Mr. Zhang Jianfeng, Mr. Zhang Jianguo, Mr. Guo Mingguang, Ms. Chen Ningning and Mr. Liu Jianbo; the Non-executive Director is Mr. Hu Guiqing; and the Independent Non-executive Directors are Mr. Pan Chaoyang, Mr. Gao Xunxian, Mr. Dai Xiangbo and Dr. Steven Chow.