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 Result For the Six Months Ended 30 June 2009

HIGHLIGHTS

	Six months ended 30 June		
	2009	2008	Change
	RMB'million	*RMB'million*	*%*
Sales	**1,375.0**	2,060.0	(33.3)
Profit before taxation	**116.3**	304.6	(61.8)
Profit attributable to shareholders	**110.3**	262.7	(58.0)
Basic Earnings per share (expressed in RMB per Share)	**0.07**	0.16	(58.0)
Dividend per share (expressed in HK$ per Share)	**0.030**	0.065	(53.8)

- Under the tough business environment, sales decreased to RMB1,375.0 million, representing a decrease of 33.3%
- Profit attributable to shareholders decreased to RMB110.3 million, representing a decrease of 58.0%
- Basic Earnings per share amounted to RMB0.07 during the period
- The Board proposed an interim dividend of HK3.0 cents per share
- Solid balance sheet with net cash of RMB1,088.5 million to fund future growth

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Haitian International Holdings Limited (the "Company") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 as follows:

Condensed Consolidated Income Statement
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	**Unaudited Six months ended 30 June 2009**	2008
Sales	5	**1,374,977**	2,060,001
Cost of sales		**(1,070,726)**	(1,492,142)
Gross profit		**304,251**	567,859
Selling and marketing expenses		**(114,326)**	(182,932)
General and administrative expenses		**(104,034)**	(93,027)
Other income		**17,549**	9,764
Other gains/(losses) — net		**4,514**	(9,232)
Operating profit	6	**107,954**	292,432
Finance income	7	**11,432**	14,045
Finance costs	7	**(3,116)**	(2,006)
Finance income — net	7	**8,316**	12,039
Share of results of an associate		**(5)**	161
Profit before income tax		**116,265**	304,632
Income tax expense	8	**(5,964)**	(41,972)
Profit for the period		**110,301**	262,660
Attributable to:			
Equity holders of the Company		**110,301**	262,660
Minority interest		**—**	—
		110,301	262,660
Proposed interim dividends	9	**42,294**	94,516
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
— Basic	10	**0.07**	0.16
— Diluted		**N/A**	N/A

Condensed Consolidated Statement of Comprehensive Income

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited Six months ended 30 June	
	2009	2008
Profit for the period	**110,301**	262,660
Other comprehensive income for the period		
Currency translation differences	**3,758**	(1,418)
Total comprehensive income for the period	**114,059**	261,242
Total comprehensive income attributable to:		
Equity holders of the Company	**114,059**	261,242

Condensed Consolidated Balance Sheet
(Amounts expressed in RMB'000 unless otherwise stated)

	Note	**30 June 2009** *Unaudited*	31 December 2008 *Audited*
ASSETS			
Non-current assets			
Land use rights		**186,149**	248,983
Property, plant and equipment		**1,144,349**	1,135,898
Intangible assets		**6,651**	7,701
Investments in associates		**612**	642
Deferred tax assets		**32,914**	33,701
		1,370,675	1,426,925
Current assets			
Inventories		**728,496**	896,295
Trade and bills receivables	12	**909,293**	865,048
Prepayments and other receivables		**301,081**	136,342
Pledged bank deposits		**2,366**	2,373
Cash and cash equivalents		**1,451,061**	1,235,080
		3,392,297	3,135,138
Asset held for sale	13	**67,163**	—
Total assets		**4,830,135**	4,562,063
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	**160,510**	160,510
Reserves		**2,864,335**	2,792,492
		3,024,845	2,953,002
Minority interest		**—**	—
Total equity		**3,024,845**	2,953,002

	Note	30 June 2009 *Unaudited*	31 December 2008 *Audited*
LIABILITIES			
Non-current liabilities			
Deferred income		**22,327**	22,369
Current liabilities			
Trade and bills payables	14	**971,022**	793,059
Accruals and other payables		**435,527**	479,131
Current income tax liabilities		**11,457**	2,149
Bank borrowings		**364,957**	312,353
		1,782,963	1,586,692
Total liabilities		**1,805,290**	1,609,061
Total equity and liabilities		**4,830,135**	4,562,063
Net current assets		**1,676,497**	1,548,446
Total assets less current liabilities		**3,047,172**	2,975,371

Condensed Consolidated Statement of Changes in Equity
(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited			
	Attributable to equity holders of the Company			
	Share capital	Reserves	Minority Interest	Total
Balance at 1 January 2008	160,510	2,634,992	1,060	2,796,562
Profit for the period	—	262,660	—	262,660
Other comprehensive income:				
Currency translation differences	—	(1,418)	—	(1,418)
Total comprehensive income for the period ended 30 June 2008	—	261,242	—	261,242
2007 final dividend	—	(144,885)	—	(144,885)
Balance at 30 June 2008	160,510	2,751,349	1,060	2,912,919
Profit for the period	—	142,587	—	142,587
Other comprehensive income:				
Currency translation differences	—	(7,988)	—	(7,988)
Total comprehensive income from 1 July 2008 to 31 December 2008	—	134,599	—	134,599
Contribution from minority interests	—	1,060	(1,060)	—
2008 interim dividend	—	(94,516)	—	(94,516)
Balance at 31 December 2008	160,510	2,792,492	—	2,953,002
Profit for the period	—	110,301	—	110,301
Other comprehensive income:				
Currency translation differences	—	3,758	—	3,758
Total comprehensive income for the period ended 30 June 2009	—	114,059	—	114,059
2008 final dividend	—	(42,216)	—	(42,216)
Balance at 30 June 2009	160,510	2,864,335	—	3,024,845

Condensed Consolidated Cashflow Statement

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited Six months ended 30 June	
	2009	2008
Cash flows from operating activities:		
Net cash generated from operating activities	**249,521**	75,072
Cash flows from investing activities:		
Net cash used in investing activities	**(38,146)**	(330,123)
Cash flows from financing activities:		
Net cash generated from/(used in) financing activities	**4,606**	(26,255)
Net increase/(decrease) in cash and cash equivalents	**215,981**	(281,306)
Cash and cash equivalents at beginning of period	**1,235,080**	1,491,585
Cash and cash equivalents at end of period	**1,451,061**	1,210,279

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2009

1. GENERAL BACKGROUND

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, Grand Cayman KY1-1111 Cayman Islands.

The Company and its subsidiaries (the "Group") is principally engaged in manufacture 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 financial information was approved for issue on 19 August 2009.

2. BASIS OF PRESENTATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with HKAS 34, "Interim financial reporting". The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with HKFRSs.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKAS 23 (Revised), "Borrowing costs". The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group has applied HKAS 23 (Revised) from 1 January 2009, but it has no impact on the Group's financial statements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. It also requires the entity to report operating segments in a manner consistent with the internal reporting provided to the chief operating decision-maker.

  The Group is mainly engaged in the manufacturing and the sale of plastic injection moulding machines business. The internal reporting for the chief operating decision-maker is provided on a whole-entity basis. Accordingly the Group only has one reportable segment which is the same as previously reported.

- Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group

- HKFRS 2 (amendment), "Share-based payment".

- HKAS 23 (amendment), "Borrowing costs".

- HKAS 32 (amendment), "Financial instruments: presentation".

- HKAS 39 (amendment), "Financial instruments: Recognition and measurement".

- HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives" and HKAS 39 (amendment), "Financial instruments: Recognition and measurement".

- HK(IFRIC) 13, "Customer loyalty programmes".

- HK(IFRIC) 15, "Agreements for the construction of real estate".

- HK(IFRIC) 16, "Hedges of a net investment in a foreign operation".

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on eligible hedged items, effective for annual periods beginning on or after 1 July 2009.
- Amendment to HKFRS 1, "First-time adoption of HKFRS", effective for annual period starting from 1 July 2009.
- 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", 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.
- HKAS 27 (revised), "Consolidated and separate financial statements", effective for annual period starting from 1 July 2009.
- HK(IFRIC) 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009.
- HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009.

HKICPA's improvements to HKFRS published in May 2009:

- Amendment to HKFRS 2 "Share-based payments", effective for periods beginning on or after 1 July 2009.
- Amendment to HKFRS 5 "Non-current Assets held for sale and discontinued operations", effective for periods beginning on or after 1 January 2010.
- Amendment to HKFRS 8 "Operating segments", effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 1 "Presentation of financial statements", effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 7 "Statement of cash flows", effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 17 "Leases", effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 36 "Impairment of assets", effective for periods beginning on or after 1 January 2010.
- Amendment to HKAS 38 "Intangible assets", effective for periods beginning on or after 1 July 2009.
- Amendment to HKAS 39 "Financial instruments: recognition and measurement", effective for periods beginning on or after 1 January 2010.
- Amendment to HK(IFRIC) 9 "Reassessment of embedded derivatives", effective for periods beginning on or after 1 July 2009.
- Amendment to HK(IFRIC) 16 "Hedges of a net investment in a foreign operation", effective for periods beginning on or after 1 July 2009.

4. CHANGE IN CRITICAL ACCOUNTING ESTIMATES

According to HKAS 16 "Property, Plant and Equipment", the useful life of an asset shall be reviewed at least once at each financial year-end. During the period, the management of the Group has reviewed and revised the useful lives of certain categories of fixed assets as following:

	Previous useful lives	**Revised useful lives**
Buildings	20 years	30 years
Plant and machinery	10 years	10–15 years

The change in accounting estimates on the useful lives of fixed assets has decreased the depreciation charge by RMB14,229,000 for the current period and is expected to have the impact of RMB28,797,000 for each subsequent financial year.

5. SALES AND SEGMENT INFORMATION

	Six months ended 30 June	
	2009	2008
Sales of plastic injection moulding machine and related products	**1,374,977**	2,060,001

The Group is mainly engaged in the manufacturing and the sale of plastic injection moulding machines business. 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 Mainland China for the six months ended 30 June 2009 is RMB1,051,279,000 (six months ended 30 June 2008: RMB1,384,372,000), and the total of its sales from external customers from other countries is RMB323,698,000 (six months ended 30 June 2008: RMB675,629,000). Sales are attributed to countries on the basis of the customers' location.

At 30 June 2009, the total of non-current assets other than deferred tax assets located in Mainland China is RMB1,265,717,000 (At 31 December 2008: RMB1,329,976,000; At 30 June 2008: RMB1,272,246,000), and the total of these non-current assets located in other countries is RMB72,044,000 (At 31 December 2008: RMB63,248,000; At 30 June 2008: RMB69,121,000).

6. OPERATING PROFIT

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

	Six months ended 30 June	
	2009	2008
Depreciation and amortisation	**38,916**	47,827
Provision for warranty	**1,556**	5,415
Provision for bad and doubtful debts	**4,822**	1,084
Provision for/(reversal of) obsolete inventories	**5,559**	(1,367)
Raw materials and consumables used	**952,971**	1,330,905
Exchange (gain)/loss	**(4,430)**	9,047
(Gain)/loss on disposal of property, plant and equipment	**(84)**	1

7. FINANCE INCOME, NET

	Six months ended 30 June	
	2009	2008
Interest expense:		
Bank borrowings wholly repayable within one year	**(3,116)**	(2,006)
Finance income:		
Interest income on short-term bank deposits	**11,432**	14,045
Finance income, net	**8,316**	12,039

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
Current income tax		
— Mainland China current income tax ("EIT")	**3,886**	41,716
— Overseas tax	**1,291**	—
Deferred taxation	**787**	256
	5,964	41,972

9. DIVIDENDS

A dividend that relates to the period to 31 December 2008 and that amounts to RMB42,216,000 was paid during the interim period.

In addition, at a meeting held on 19 August 2009, the directors declared an interim dividend of HK3.0 cents (equivalent to RMB2.7 cents) per share. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of reserve for the year ending 31 December 2009.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to the equity holders of the Company of approximately RMB110,301,000 (2008: RMB262,660,000) and on the weighted average number of approximately 1,596,000,000 (2008: 1,596,000,000) ordinary shares in issue during the period.

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

11. CAPITAL EXPENDITURE

	Six months ended 30 June	
	2009	2008
Land use rights	**—**	138,200
Property, plant and equipment	**74,276**	198,893
	74,276	337,093

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2009	As at 31 December 2008
Trade and bills receivables	**927,653**	884,996
Less: provision for impairment	**(18,360)**	(19,948)
Trade and bills receivables — net	**909,293**	865,048

The carrying amounts of trade and bills receivable approximated their fair value.

Customers are generally granted with credit terms ranging from 15 days to 24 months. Ageing analysis of trade and bills receivables is as follows:

	As at 30 June 2009	As at 31 December 2008
0 to 6 months	**743,025**	728,784
6 months to 1 year	**106,764**	97,448
1 year to 2 years	**53,730**	42,536
Over 2 years	**24,134**	16,228
	927,653	884,996

13. ASSET HELD FOR SALE

It represented certain land use right of the Group disposed subsequently in August 2009 to an independent third party at RMB81,126,000.

14. TRADE AND BILLS PAYABLES

	As at 30 June 2009	As at 31 December 2008
Trade payables	**381,772**	325,789
Bills payable	**589,250**	467,270
	971,022	793,059

Ageing analysis of trade and bills payables is as follows:

	As at 30 June 2009	As at 31 December 2008
0 to 6 months	**965,518**	791,390
6 months to 1 year	**3,666**	605
1 year to 2 year	**1,823**	1,064
Over 2 years	**15**	—
	971,022	793,059

15. SHARE CAPITAL

	Authorised share capital		
	Number of shares'000	HKD'000	RMB'000
As at 1 January and 30 June 2009	5,000,000	500,000	502,350

	Issued and fully paid up		
	Number of shares'000	HKD'000	RMB'000
As at 1 Jaunary and 30 June 2009	1,596,000	159,600	160,510

16. COMMITMENTS

(a) Capital commitments

	As at 30 June 2009	As at 31 December 2008
Contracted but not provided for:		
Acquisition of property, plant and equipment	**28,148**	91,059

(b) Operating lease commitments

The Group leases certain of its office premises, 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 2009	As at 31 December 2008
Not later than 1 year	**2,623**	2,623
Later than 1 year and not later than 5 years	**1,601**	1,896
	4,224	4,519

17. CONTINGENT LIABILITIES

As at 30 June 2009, contingent liabilities not provided for in the condensed consolidated financial information was as follows:

	As at 30 June 2009	As at 31 December 2008
Guarantee given to the banks in connection with facilities granted to the customers	**288,048**	309,221

BUSINESS REVIEW

Despite the ongoing harsh business environment over the world, Haitian was one of the few among the industry players which remained profitable during the interim period of 2009. During the period, Group recorded turnover of RMB1,375.0 million, representing a decrease of 33.3% compared to the turnover of RMB2,060.0 million for the 1st half of 2008 which was our record turnover in history. The Group's profit attributable to equity holders for the six months decreased by 58.0% to RMB110.3 million compared to the corresponding period in 2008. Basic earnings per share for six months period amounted to RMB0.07 (2008: RMB0.16).

Starting from the fourth quarter of 2008, the adverse impact of the global financial crisis began to prominently surface and spread rapidly over the world and the badly shaken investment confidence continued to have an impact on the first quarter of 2009. Coupled with the usual drop of sales during Chinese New Year, the sales of 1st quarter recorded a further drop of 13.7% to RMB532.6 million compared to the 4th quarter of 2008. During the 1st quarter, our business suffered from low utilisation rate and high cost of raw materials and components which were purchased before the financial crisis. Therefore our operation was just slightly above the break even point in the 1st quarter of 2009. However, our business passed its trough and began its recovery in the end of first quarter of this year. With the initiatives brought about by the four trillion RMB stimulus package implemented by the Chinese government and the lower VAT tax burden on machines purchased in China resulted from the VAT reform effective on 1 January 2009, there are a number of positive signs of recovery in the Chinese market. With the long term strategy of continuous product innovation catering to customer needs, we are in a prime position to benefit from this recovery and capture further market share from the industry. The sales in the second quarter of 2009 recorded a sales growth of 58.2% to 842.4 million compared to the 1st quarter of 2009. Besides, our profitability in the 2nd quarter of 2009 was significantly improved due to the increase of utilisation of capacity and decline in raw material costs.

The table below sets out our sales during interim periods in 2008 and 2009:

	1st half of 2008	**2nd half of 2008**	**1st half of 2009**	**1st half 2008 Vs 1st half 2009**	**2nd half 2008 Vs 1st half 2009**
PIMMs					
Domestic	1,348,915	914,084	1,011,217	–25.0%	10.6%
Export	667,425	676,119	313,582	–53.0%	–53.6%
Related components	43,661	44,166	50,178		
	2,060,001	1,634,369	1,374,977	–33.3%	–15.9%

The Group recorded turnover of RMB1,375.0 million during the period, representing a decrease of 33.3% as compared with RMB2,060.0 million in the 1st half of 2008 which was our record turnover in history. Due to the longer delivery time lag for export sales, the impact of global financial crisis in export sector is mainly reflected in the first half of 2009 and caused a sharp decline in our sales to international market to RMB313.6 million, representing a drop of 53.0% and 53.6% when compared to the sales in the 1st half of 2008 and 2nd half of 2008, respectively. In contrast, after the implementation of the VAT reform and launch of the China government four trillion RMB stimulus package and the China government plans for readjustment and revitalization of key industries in China, domestic market seems to have passed its trough and began showing some signs of market stabilisation in the first quarter of this year. Our sales to domestic market in the Mainland China during the period was RMB1,011.2 million representing a decrease of 25.0% compared to the 1st half of 2008 and an increase of 10.6% compared to the 2nd half of 2008.

The table below sets out our sales breakdown of small tonnage and medium to large tonnage plastic injection moulding machines (PIMMs):

	1st half of 2008	2nd half of 2008	1st half of 2009	1st half 2008 Vs 1st half 2009	2nd half 2008 Vs 1st half 2009
PIMMs					
Small tonnage PIMMs	1,280,128	948,772	956,146	–25.3%	0.8%
Medium to large tonnage PIMMs	736,212	641,431	368,653	–49.9%	–42.5%
Related components	43,661	44,166	50,178		
	2,060,001	1,634,369	1,374,977	–33.3%	–15.9%

Due to the sluggish demand of PIMMs, the sales of small tonnage PIMMs and medium to large tonnage PIMMs decreased by 25.3% and 49.9% as compared to the sales in the 1st half of 2008, respectively. Generally, the sales of small tonnage PIMM are more sensitive and response faster to changes of market situation. And we have already noted that the sales of small PIMMs during the period reached RMB956.1 million, picking up by 0.8% as compared to the second half of 2008. Because of the longer delivery time lag of medium to large tonnage PIMMs, the decline of purchase orders received in the 4th quarter of 2008 and the 1st quarter of 2009 was mainly reflected in the first half of 2009 and caused the sales of medium to large tonnage PIMMs to drop by 49.9% and 42.5% compared with the sales in the 1st half of 2008 and 2nd half of 2009, respectively. The purchase orders of the medium to large tonnage PIMMs were picked up starting from the beginning of 2nd quarter of 2009 and will be reflected in the second half of 2009.

Although the recession of the global economy had adversely affected the development of the industry and hampered our financial performance in the first half of 2009, the market share and competitive edges of our operations are enhanced. An industry slowdown represents the best opportunity to broaden our customer base, increase the market share and expand sales to existing customers with our innovative products. For the period under review, the sales of our Mars (J5) series, the PIMMs with energy saving and higher precision features continued to increase to RMB567 million representing a growth of 15.5% compared to the 1st half of 2008. The sales mix of Mars to our sales increased from 23.8% in 1st half of 2008 to 41.2% in 1st half of 2009. The Group has weathered the global financial tsunami with its continuous improvement in stringent cost control measures, optimisation in production process to lower the production and logistic costs, streamlining in management structure and trimming hierarchical structure to enhance management efficiency as well as improvement in the working capital management to enhance our liquidity and cash balances. Notwithstanding the reduction in our net profit margin, it is notable that our successful cost control has so far allowed us to remain profitable in spite of deteriorating market conditions. Our operating cashflow inflow was improved to RMB249.5 million resulting in the increase of our net cash position to RMB1,088.5 million as at 30 June 2009.

The Group accelerated the technological and product development and emerged in better position than our competitors who cut the number of staff and scaled back spending in projects. The Group continuously put the efforts and resources on research and development ("R&D") focusing on large tonnage PIMMs, environmentally friendly PIMMs and high precision PIMMs. Alongside, the Group started developing several new high speed PIMMs which emphasize on the needs of packaging industry featuring high injection speed, short cycle time and operating efficiency. This product particularly fits for the production of thin-wall plastic products and packaging materials. With the launch of the high speed PIMMs in the future, the Group can seize the market opportunities and increase the market share in the packaging industry further.

FUTURE PROSPECT

We note that PIMMs market had stabilized and started to gradually recover from its trough since the end of 1st quarter of 2009 but a full recovery in the overall business environment may take some time. We believe the industry outlook remains promising, given the effect of the China government stimulus packages to reactivate the economy will gradually and prominently surface in the future. Recently, we also observed that the activities of international market began to resume. We expected the export business will be improved in the second half of 2009 and full recovery of export business may be seen in 2010. The current improvement of market sentiment is encouraging that the billing and delivery of PIMMs for July 2009 reached the value of RMB370 million representing a month on month growth of 26.7% or a year on year decline of 0.5% and back to the level before the financial crisis. Based on the steady increase in order intake in recent months, it is likely that our sales performance and profitability will be further improved in the remainder of 2009 if there is no major economic shocks emerging.

However, it may be too early to conclude the crisis is over due to the current economies are still clouded with many uncertainties. We will remain cautious on the latest market development and react quickly to the market dynamics. With our prestigious brand, unmatched quality and price-performance ratio, self-developed core technology and efficient production scale, we are able to create much higher value in the production process than industry peer and well positioned to reach a new height when the future demand recovers.

FINANCIAL REVIEW

Sales

Due to the ongoing harsh business environment in the general PIMMs market resulted from global financial crisis, the Group's sales decrease from RMB2,060.0 million to RMB1,375.0 million, representing a decrease of 33.3%.

During the period, the sales to domestic and international market decreased by 25.0% and 53.0% compared with the corresponding period in 2008. Due to the longer delivery lag time for export sales, the impact of global financial crisis in export sector are mainly reflected in the first half of 2009 and caused the sales to international market experienced in a sharper decline of 53.0% compared with the first half of 2008 during the period.

Gross Profit

During the period, gross profit recorded approximately RMB304.3 million representing an decrease of approximately 46.4% compared with the corresponding period in 2008. Overall gross margin has decreased from 27.6% for the corresponding period in 2008 to 22.1% during the period. The decrease in gross margin for the period was mainly due to (i) the consumption of higher cost of materials and component which purchased before the financial crisis and ii) the decrease in sales mix in export sales and medium to large tonnage PIMMs which had higher profit margin.

Selling and administrative expenses

The selling and administrative expenses decreased by 20.9% from RMB276.0 million for the corresponding period in 2008 to RMB218.3 million during the period. The decrease is in line with the sales decline and reflected our effort in cost saving measure implemented.

Other income

Other income mainly represented by government subsidy received during the period.

Other gain/(losses), net

Other gain/(losses), net mainly represented the exchange gain/ (losses) during the period.

Finance income — net

Finance income, net decreased by 30.9% from RMB12.0 million to RMB8.3 million was resulted from decreased in interest rates and average net cash balances during the period.

Income tax expenses

Income tax expenses decreased by 85.8% from RMB42.0 million for the corresponding period in 2008 to RMB6.0 million for the period due to (1) the decrease in operating profit and (2) according to the new Corporate Income Tax Law effective from 1 January 2008 in Mainland China, certain qualified R&D expenditures can have a 50% additional deduction from taxable income. In 1st half of 2008, no such additional deduction was calculated as required application documents are usually collected and prepared annually. In 1st half of 2009, such additional deductions attributable to R&D expenditures of 2008 was reviewed and approved by local tax authorities.

Profit attributable to equity holders of the Company

As a result of the foregoing, the profit attributable to equity holders of the Company decreased from RMB262.7 million for the corresponding period in 2008 to RMB110.3 million during the period.

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 30 June 2009, the Group is in a strong financial position with a net cash position amounting to RMB1,088.5 million (31 December 2008 : RMB925.1 million). Hence, no gearing ratio is presented.

Charges on Group Assets

As at 30 June 2009, the Group has pledged deposits of RMB2.4 million as collaterals against certain trade finance facilities granted by banks.

Foreign Exchange Risk Management

During the period, the Group exported approximately 24% of its products to international markets which were denominated in U.S. dollars or other foreign currencies, while the Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10% of total purchases. The Group did not utilize any forward contracts or other means to hedge its foreign currency exposure. However the management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts.

Contingent Liabilities

As at 30 June 2009, the Group provided guarantee to banks in connection with facilities granted to the customers amounted to RMB288.0 million. (31 December 2008: RMB309.2 million).

Employees

As at 30 June 2009, the Group had a total workforce of approximately 3,600 employees, the majority of which were located in China.

The Group offers its staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on individual and the Group's performance. The Group is committed to nurturing a learning culture in the organization.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.0 cents per share for the six months ended 30 June 2009 to shareholders whose names appear on the Register of Members of the Company at the close of business on 15 September 2009. The interim dividend declared will be paid on or about 28 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 September 2009 to 15 September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar not later than 4:30 p.m. on 10 September 2009.

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 period.

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 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 the three independent non-executive directors of the Company.

The Audit Committee has reviewed the Group's condensed consolidated financial information for the period ended 30 June 2009, 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 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.

On behalf of the Board
Zhang Jianming
Chief Executive Officer

19 August 2009

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.