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 2010

HIGHLIGHTS

	Six months ended 30 June		
	2010	2009	Change
	RMB'million	*RMB'million*	*%*
Sales	**3,231.5**	1,375.0	135.0
Profit before taxation	**545.6**	116.3	369.3
Profit attributable to shareholders	**453.0**	110.3	310.7
Basic Earnings per share (expressed in RMB per Share)	**0.28**	0.07	310.7
Dividend per share (expressed in HK$ per Share)	**0.15**	0.03	400

- Emerged stronger after the industry downturn and achieved a record setting half year sales and profit
- Sales increased to RMB3,231.5 million, increasing 135.0% and 30.0% over the first and second half of last year
- Profit attributable to shareholders increase to RMB453.0 million, increasing 310.7% and 33.3% over the first and second half of last year
- Basic Earnings per share amounted to RMB0.28 during the period
- The Board proposed an interim dividend of HK15.0 cents per share
- Solid balance sheet with net cash of RMB1,606.1 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 2010, together with the comparative figures for the corresponding period in 2009 as follows:

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

		Unaudited Six months ended 30 June	
	Note	**2010**	2009
Sales	*4*	**3,231,509**	1,374,977
Cost of sales		**(2,291,988)**	(1,070,726)
Gross profit		**939,521**	304,251
Selling and marketing expenses		**(273,186)**	(114,326)
General and administrative expenses		**(119,583)**	(104,034)
Other income		**7,825**	17,549
Other (losses)/gains – net		**(12,327)**	4,514
Operating profit	*5*	**542,250**	107,954
Finance income	*6*	**8,910**	11,432
Finance costs	*6*	**(5,590)**	(3,116)
Finance income – net	*6*	**3,320**	8,316
Share of results of an associate		**59**	(5)
Profit before income tax		**545,629**	116,265
Income tax expense	*7*	**(92,658)**	(5,964)
Profit for the period		**452,971**	110,301
Attributable to:			
Equity holders of the Company		**452,971**	110,301
Dividends	*8*	**208,853**	42,168
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
– Basic	*9*	**0.28**	0.07
– 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	
	2010	2009
Profit for the period	**452,971**	110,301
Other comprehensive income for the period		
Currency translation differences	**(7,339)**	3,758
Total comprehensive income for the period	**445,632**	114,059
Total comprehensive income attributable to:		
Equity holders of the Company	**445,632**	114,059

CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts expressed in RMB'000 unless otherwise stated)

	Note	30 June 2010 Unaudited	31 December 2009 Audited
ASSETS			
Non-current assets			
Land use rights		**227,125**	137,796
Property, plant and equipment		**1,198,826**	1,158,459
Intangible assets		**4,480**	5,601
Investments in an associate		**1,649**	1,589
Deferred tax assets		**41,286**	37,131
		1,473,366	1,340,576
Current assets			
Inventories		**1,080,889**	940,162
Trade and bills receivables	*11*	**1,536,036**	1,251,591
Prepayments and other receivables		**394,643**	367,766
Entrusted loans		**162,000**	12,000
Pledged bank deposits		**300,882**	138,030
Cash and cash equivalents		**1,682,703**	1,696,118
		5,157,153	4,405,667
Total assets		**6,630,519**	5,746,243
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*13*	**160,510**	160,510
Reserves		**3,469,635**	3,163,877
Total equity		**3,630,145**	3,324,387

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

	Note	**30 June 2010 Unaudited**	31 December 2009 Audited
LIABILITIES			
Non-current liabilities			
Deferred income		**10,886**	13,188
Deferred income tax liabilities		**22,666**	14,682
		33,552	27,870
Current liabilities			
Trade and bills payables	*12*	**1,854,824**	1,530,590
Accruals and other payables		**690,775**	601,076
Current income tax liabilities		**43,742**	25,132
Bank borrowings		**377,481**	237,188
		2,966,822	2,393,986
Total liabilities		**3,000,374**	2,421,856
Total equity and liabilities		**6,630,519**	5,746,243
Net current assets		**2,190,331**	2,011,681
Total assets less current liabilities		**3,663,697**	3,352,257

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	Total
Balance at 1 January 2009	160,510	2,792,492	2,953,002
Profit for the period	–	110,301	110,301
2008 Final dividend	–	(42,216)	(42,216)
Currency translation differences	–	3,758	3,758
Balance at 30 June 2009	160,510	2,864,335	3,024,845
Profit for the period	–	339,725	339,725
2009 interim dividend	–	(42,168)	(42,168)
Currency translation differences	–	1,985	1,985
Balance at 31 December 2009	160,510	3,163,877	3,324,387
Profit for the period	–	452,971	452,971
2009 final dividend	–	(139,874)	(139,874)
Currency translation differences	–	(7,339)	(7,339)
Balance at 30 June 2010	160,510	3,469,635	3,630,145

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited Six months ended 30 June	
	2010	2009
Cash flows from operating activities:		
Net cash generated from operating activities	**391,845**	249,521
Cash flows from investing activities:		
Net cash used in investing activities	**(241,178)**	(38,146)
Cash flows from financing activities:		
Net cash (used in)/generated from financing activities	**(164,082)**	4,606
Net (decrease)/increase in cash and cash equivalents	**(13,415)**	215,981
Cash and cash equivalents at beginning of period	**1,696,118**	1,235,080
Cash and cash equivalents at end of period	**1,682,703**	1,451,061

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

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 interim financial information was approved for issue on 25 August 2010.

2. BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, 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 2009, as described in those annual financial statements.

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

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information is consistent with those used in the annual financial statements for the year ended 31 December 2009, except that the following new standards and amendments to standards, which are relevant to the Group, have been adopted for the financial year ending 31 December 2010.

HKAS 27 (Revised), "Consolidated and Separate Financial Statements"
HKFRS 2 (Amendment), " Share-based Payment"
HKFRS 3 (Revised), " Business Combinations"
HKFRSs (Amendments), " Improvements to HKFRS 2008 and 2009"

The adoption of HKAS 27 (Revised), HKFRS 2 (Amendment), HKFRS 3 (Revised) and HKFRSs (Amendments) has no significant impact on the Group's financial statements.

3. **ACCOUNTING POLICIES** *(Cont'd)*

The following new standard and amendments to standards, which are relevant to the Group, have been issued but are not effective for the financial year ending 31 December 2010 and have not been early adopted by the Group. Management is currently assessing the impact of these new standard and amendments on the Group's financial statements.

HKAS 24 (Revised), " Related Party Disclosures"
HKFRS 9, " Financial Instruments"
HKAS 32 (Amendment), " Financial Instruments: Presentation"
HKFRSs (Amendments), " Improvements to HKFRS 2010"

4. **SALES AND SEGMENT INFORMATION**

	Six months ended 30 June	
	2010	2009
Sales of plastic injection moulding machine and related products	**3,231,509**	1,374,977

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 different countries is as follows:

	Six months ended 30 June	
	2010	2009
Mainland China	**2,426,259**	1,051,278
Hong Kong and other overseas countries	**805,250**	323,699
	3,231,509	1,374,977

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

	As at 30 June 2010	As at 31 December 2009
Total non-current assets other than deferred income tax assets		
– Mainland China	**1,345,590**	1,196,615
– Hong Kong and other overseas countries	**86,490**	106,830
Deferred income tax assets	**41,286**	37,131
Total non-current assets	**1,473,366**	1,340,576

5. OPERATING PROFIT

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

	Six months ended 30 June 2010	2009
Depreciation and amortisation	**43,633**	38,916
Provision for warranty	**6,952**	1,556
(Reversal of)/provision for bad and doubtful debts	**(545)**	4,822
(Reversal of)/provision for obsolete inventories	**(4,443)**	5,559
Raw materials and consumables used	**2,099,654**	952,971
Exchange loss/(gain)	**16,955**	(4,430)
Gain on disposal of property, plant and equipment	**(53)**	(84)

6. FINANCE INCOME, NET

	Six months ended 30 June 2010	2009
Finance costs:		
Interest expense on bank borrowings wholly repayable within one year	**(1,650)**	(2,892)
Net foreign exchange losses on bank borrowings	**(3,940)**	(224)
	(5,590)	(3,116)
Finance income:		
Interest income on short-term bank deposits	**8,910**	11,432
Finance income, net	**3,320**	8,316

7. INCOME TAX EXPENSE

	Six months ended 30 June 2010	2009
Current income tax		
– Mainland China corporate income tax	**79,353**	3,886
– Overseas tax	**3,287**	1,291
Deferred taxation	**10,018**	787
	92,658	5,964

8. DIVIDENDS

At a meeting held on 25 August 2010, the directors declared an interim dividend of HK15.0 cents (equivalent to RMB13.1 cents) per share. This proposed dividend is not reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of reserve for the year ending 31 December 2010.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to the equity holders of the Company of approximately RMB452,971,000 (2009: RMB110,301,000) and on the weighted average number of approximately 1,596,000,000 (2009: 1,596,000,000) ordinary shares in issue during the period.

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

10. CAPITAL EXPENDITURE

	Six months ended 30 June	
	2010	2009
Land use rights	**24,178**	–
Property, plant and equipment	**98,499**	74,276
	122,677	74,276

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2010	As at 31 December 2009
Trade and bills receivables		
– third parties	**1,549,928**	1,265,028
– related parties	**–**	1,000
	1,549,928	1,266,028
Less: provision for impairment	**(13,892)**	(14,437)
Trade and bills receivables-net	**1,536,036**	1,251,591

The carrying amounts of trade and bills receivables approximated their fair values.

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 2010	As at 31 December 2009
0 to 6 months	**1,405,408**	1,148,360
6 months to 1 year	**100,622**	67,523
1 year to 2 years	**30,162**	38,744
Over 2 years	**13,736**	11,401
	1,549,928	1,266,028
Less: provision for impairment	**(13,892)**	(14,437)
Trade and bills receivables-net	**1,536,036**	1,251,591

12. TRADE AND BILLS PAYABLES

Ageing analysis of trade and bills payables is as follows:

	As at 30 June 2010	As at 31 December 2009
0 to 6 months	**1,852,489**	1,527,373
6 months to 1 year	**372**	2,289
1 year to 2 years	**1,051**	570
Over 2 years	**912**	358
	1,854,824	1,530,590

13. SHARE CAPITAL

	Authorised share capital		
	Number of shares'000	***HKD'000***	***RMB'000***
As at 1 January and 30 June 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'000	***HKD'000***	***RMB'000***
As at 1 January and 30 June 2010 (shares with a par of HKD0.1 per share)	1,596,000	159,600	160,510

14. COMMITMENTS

(a) Capital commitments

	As at 30 June 2010	As at 31 December 2009
Contracted but not provided for:		
Acquisition of property, plant and equipment	**24,918**	7,456

14. COMMITMENTS *(Cont'd)*

(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 2010	As at 31 December 2009
Not later than 1 year	**1,198**	2,529
Later than 1 year and not later than 5 years	**–**	880
	1,198	3,409

15. CONTINGENT LIABILITIES

As at 30 June 2010, contingent liabilities not provided for in the condensed consolidated financial information was as follows:

	As at 30 June 2010	As at 31 December 2009
Guarantee given to the banks in connection with facilities granted to the customers	**557,805**	457,218

BUSINESS REVIEW

Following extremely difficult trading conditions in the first half of 2009, the PIMM industry made a steady recovery in the second half of last year and the encouraging positive momentum carried forward well into 2010. We made use of the opportunity of industry slow down to cultivate new customers and carried out a number of measures to rationalise our distribution channel and production process. Our efforts have prepared us to capture the market recovery promptly and our strategies are successful and laid a solid foundation for us to emerge stronger from the downturn. In addition to the above measures, we have encouraged all of our staff to work with inexhaustible momentum to satisfy the strong market demand for PIMM and the monthly sales volume of our product in the first half of the year reached record high. As a result, once again, we have been setting new half year records in our sales and net profit history. We recorded a turnover of RMB3,231.5 million during the six months ended 30 June 2010, representing a 135.0% increase as compared with RMB1,375.0 million for the same period last year and a 30.0% increase when compared with turnover of RMB2,486.3 million during the second half of 2009. Additionally, our performance in first half of 2010 exceeded the pre-finanical-crisis peak in first half of 2008 by approximately 56.9%.

The strong growth of our business was prominently attributable to the overall rapid growth of the PRC PIMM industry and the increase of our market share. The continued recovery of the PRC economy, the picking up of capital investment confidence and the expansion in wage growth as well as the consumption stimulation policies introduced by the PRC Government, all these emerged as the driving force for corporate capital expenditure to meet the increasing domestic consumption and created a favorable operating environment for the machinery industry in the PRC. The financial crisis has accelerated the industry concentration by eliminating the weaker and under-performed industry players and enhanced our competitive advantage of high performance-price ratio product to compete with overseas brands, as high performance-price ratio becomes the most important concern of the customers. We observed that the financial crisis has brought along the following changes in customers' preferences in purchasing PIMM and we have benefited from such shifts:

(1) a shift in demand from expensive imported machines to local machines with attractive price-performance ratio; and

(2) a shift in demand from low-end local machines to well-established local brands which provides reliable after-sales services.

Our cost saving and rationalization measures in production process implemented during the downturn proved their worth. Leveraging on economies of scales and effective cost control, the gross profit margin improved from 22.1% for the first half 2009 to 29.1% for the first half of 2010. The Group recorded a net profit of approximately RMB453.0 million during the six months ended 30 June 2010, representing an increase of 310.7% as compared with RMB110.3 million for the same period last year and an increase of 33.3% when compared with net profit of RMB339.7 million during the second half of 2009.

The table below set out our sales during interim periods in 2009 and 2010:
(Amounts expressed in RMB' million unless otherwise stated)

	1st half of 2009	2nd half of 2009	1st half of 2010	1st half 2010 Vs 1st half 2009	1st half 2010 Vs 2nd half 2009
PIMMs					
Domestic	1,011.2	1,905.7	2,383.3	135.7%	25.1%
Export	313.6	527.5	792.3	152.6%	50.2%
Related components	50.2	53.1	55.9	11.3%	5.3%
	1,375.0	2,486.3	3,231.5	135.0%	30.0%

Our business was robust during the first half of 2010 with strong demand in both domestic and export markets. Supported by a combination of the PRC Government's measures such as domestic demand expansion, economic development promotion, industrial revitalization planning, etc. and the execution of value-added tax reform which encouraged the investment and replacement of machinery equipment, domestic demand of PIMMs remained strong during the interim period. Our sales in the PRC during the interim period was RMB2,383.3 million representing an increase of 135.7% compared to the first half of 2009 and an increase of 25.1% compared to the second half of 2009. The sales of domestic market during the period exceeded the pre-crisis peak in first half of 2008 (RMB1,348.9 million) by 76.7%. Such outstanding performance in domestic sales is largely due to the strong domestic demand across all downstream industries in particular building materials, automobiles and electrical household appliances manufacturers, but it also reflected further gains in market share which demonstrated our capability to react quickly to new and emerging opportunities under the adverse economic environment.

Despite the modest pace of the global economic recovery, we have recorded rapid growth in overseas sales during the first half of 2010. As a result of the financial crisis, overseas customers become more cost-conscious and this places us in a more favorable position to compete with foreign brands with our competitive pricing which offer products with similar performance. With our world-wide reputable brand image and high price-performance ratio, we have achieved great progress in overseas market penetration and gained market share from other international competitors. Our international sales during the first half of 2010 reached RMB792.3 million, representing an increase of 152.6% and 50.2% when compared to the sales in the first half of 2009 and second half of 2009, respectively. Our sales to international market during the interim period also exceeded the pre-financial-crisis peak in second half of 2008 (RMB676.1 million) by approximately 17.2%.

The table below sets out our sales breakdown of small tonnage and medium to large tonnage plastic injection moulding machines (PIMMs):
(Amounts expressed in RMB' million unless otherwise stated)

	1st half of 2009	2nd half of 2009	1st half of 2010	1st half 2010 Vs 1st half 2009	1st half 2010 Vs 2nd half 2009
PIMMs					
Small tonnage PIMM	956.1	1,668.7	2,104.9	120.2%	26.1%
Medium to large tonnage PIMM	368.7	764.5	1,070.7	190.4%	40.1%
Related components	50.2	53.1	55.9	11.3%	5.3%
	1,375.0	2,486.3	3,231.5	135.0%	30.0%

Our sales of both small and medium to large tonnage PIMMs achieved a remarkable growth during the interim period. During the interim period, our sales of small tonnage PIMMs was RMB2,104.9 million, representing an increase of 120.2% and 26.1% when compared to the sales in the first half of 2009 and second half of 2009, respectively. In recent years, the PRC Government has implemented a series of policies to promote automobile and electrical household appliance consumption (including "Small Displacement Automobile Purchases Incentive", "Home Appliances to the Countryside" and the "Home Appliance Swapping Old to New" subsidies). As a result, the automobile and electrical household appliance industry in the PRC have delivered a rapid growth of output in recent years. With the fast expansion of production capacity and increasing application of plastic materials for automobiles and electric home appliances, the demand of medium to large tonnage PIMMs grew at a faster rate than the small tonnage PIMMs. During the interim period the sales of medium to large tonnage PIMMs was RMB1,070.7 million, representing an increase of 190.4% and 40.1% when compared to the sales in the first half of 2009 and second half of 2009, respectively. The sales mix of medium to large PIMM increased from 26.8% of our total sales during the first half of 2009 to 33.1% during the same period in 2010.

With the increasing oil price and pressure on the environment protection and the energy shortage, energy saving and emission reduction has become a key policy of the PRC Government. The PRC Government has already promulgated a series of policies and measures including the provision of financial support subsidies, establishing energy consumption supervisory system and strengthening the promotion in the public. In order to comply with the macro policy of low-carbon, energy saving and environmental friendly requirements promoted by the PRC Government, the popularity of our Mars series (PIMMs with strong energy saving features) further accelerate. During the interim period, our sales of Mars series PIMMs increased by 270.0% from RMB567.0 million (accounting for 41.2% of our sales) in the first half of 2009 to RMB2,098.4 million (accounting for 64.9% of our total sales during the same period) in the first half of 2010. In addition, the PRC Government's policy for energy saving and emission reduction is expected to generate new business opportunities for us to provide upgrading services to our previous traditional models PIMM for installation of Mars technology driving system. With a large number of our PIMMs previously sold in the PRC, we expect the response of this new upgrading service will be exceedingly positive.

Without compromising quality and performance, Venus Series (all electric PIMMs) is priced around 30-40% lower than the all-electric premium products from Europe and Japan and this allows us to achieve a remarkable progress in penetration of all electric PIMM machines market. During the interim period, we sold 20 units of the Venus series PIMMs with 4,100 kN to a leading multinational electronic manufacturing supplier following an intensive testing and detailed comparisons with our competitors by the experts of the customer. This is a testimonial to the good quality and attractive performance-price ratio of our Venus series by the customer. The increasing acceptances of our Venus series all-electric PIMMs are evidenced by the sharp increase in our sales of Venus Series to approximately RMB83.3 million during the first half of 2010 (nearly doubled the 2009 full year's sales of Venus Series).

The growing applications and complexity of plastic components require advanced and specific solutions for improving performance, productivity and cost efficiency. By offering the appropriate machines to perfectly meet the customers needs at more affordable price, our strategy of product differentiation is one of the Group's key competitive edge. We are optimally positioned for the global markets and have demonstrated our high speed of innovation by launching certain new series of PIMMs to meet the requirement of different industries.

Pallas Series:

We take the core energy saving features of the Mars series and combine them with more speed and precision.

Zhafir Venus packaging version:

Our Venus series adjusted with increased injection speed among other features to meet the packaging industry requirements.

Zhafir Mercury Series:

Our high-end all-electric PIMM which opens new horizons with a completely new overall concept and innovative detailed solutions in high-end injection molding.

FUTURE PROSPECT

Looking to the second half of this year and beyond, we are confident that China's PIMM market will continue to enjoy healthy growth on the back of the sound economic development of the PRC. Based on current order backlog is, we estimate that the delivery in the third quarter will remain at relatively high level which is comparable to that of the first half of 2010. The increasing demand of down stream industries such as building material, electrical homehold appliance and automobile is estimated to last for some times and the significant potential demand from customers for upgrade of previous traditional models PIMM by installation of Mars technology driving system in order to follow the energy saving and emission reduction policy of the PRC Government. In fact, there is a substantial distance in the plastic per capita consumption between China and the developed countries. The consumption friendly policy incentives, stable expansion in wage growth and a growing middle-class have emerged as a driving force to narrow the gap and we foresee ample room for market growth. In contrast, we expect the global economic to recovers at modest pace. With enhanced market share and competitive pricing edge in overseas market, we will be in a prime position to benefit from the global market recovery.

While we feel optimistic for the remainder of 2010, we will still have to cautiously observe the impact of the sovereign debt crisis in Europe, the possible withdrawal of various governments' stimulus programs and fiscal policy adjustments in response to economy overheat in the PRC. We have established track record of steady growth as well as the capability to overcome challenges and difficulties, as evidenced by our performance during the recent financial crisis. With our highly-recognised brand, decades-long built business foundation based on our comprehensive products which are serving broad application markets, continuous improvement in product portfolio, economy of scales and strong net-cash financial position, we will strive to maintain our leadership in China and enhance our market share in the global and domestic PIMM industry.

FINANCIAL REVIEW

Sales

With the growth momentum of the second half year of 2009 stayed strong in the first half year of 2010, the Group's sales increased from RMB1,375.0 million to RMB3,231.5 million, representing an increase of 135.0%. We believe our strong growth is more a result of the enhancement of our market share than the growth of the PIMM industry in the PRC.

Both domestic and international markets achieved remarkable growth. During the interim period, our sales to domestic and international markets increased by 135.7% and 152.6%. The higher growth rate of international market is due to the low sales base in the first half of 2009. The market recovery of domestic and international markets started from the second quarter of 2009 and late third quarter of 2009 respectively. Thanks to prompt and decisive action taken by the PRC government, the growth rate of the PRC economy takes the lead ahead of the rest of the world. The performance of our domestic sales outperformed our international sales in terms of level of recovery compared with the pre-financial-crisis period. The level of domestic and international sales are above the pre-financial-crisis level of 76.7% and 17.2% respectively.

Gross Profit

During the interim period, our gross profit recorded approximately RMB939.5 million representing an increase of approximately 208.8% compared with the corresponding period in 2009. Overall gross margin has increased from 22.1% for the corresponding period in 2009 to 29.1% during the interim period. The increase was mainly due to the low gross margin in the first half of 2009 during which gross margin suffered from (i) the consumption of higher cost of materials and component which were purchased before the financial crisis (ii) low utilisation of plant and equipments and (iii) the decrease of export sale and medium to large tonnage PIMMs which yield higher profit margin.

With the high utilisation in the first half of 2010 and benefit from production process rationalization implemented during the downturn, the gross margin during the period was further improved compared with the normal margin of 27.9% achieved in second half of 2009.

Selling and administrative expenses

The selling and administrative expenses increased by 79.9% from RMB218.4 million for the corresponding period in 2009 to RMB392.8 million during the interim period. The increase is mainly attributable to increase in sales commission expense which reflected the rapid increase in sales during the interim period but offset by the benefit from economic of scale and cost saving measure implemented.

Other income

Other income mainly represented by government subsidy received during the interim period. The other income decreased by 55.4% from RMB17.5 million for the corresponding period in 2009 to RMB7.8 million during the interim period. The decrease was mainly because approximately RMB10 million subsidy income will only be recorded in the second half of 2010.

Other gain/(losses), net

We recorded other net losses of RMB12.3 million during the period as compared with other gains of RMB4.5 million in the corresponding period in 2009. The net losses mainly represented the exchange losses resulted from the depreciation of our Euro denominated trade receivables.

Finance income – net

Finance income, net decreased from RMB8.3 million to RMB3.3 million was resulted from increase in loan interest rates and average bank loan balances during the interim period.

Income tax expenses

Income tax expenses increased from RMB6.0 million for the corresponding period in 2009 to RMB92.6 million for the interim period due to (1) the increase in operating profit and (2) the provision of 5% dividend withholding tax for the Chinese subsidiaries and (3) increase in effective tax rate resulted from the expiration of tax reduction incentive of certain operating subsidiaries.

Profit attributable to equity holders of the Company

As a result of the foregoing, the profit attributable to equity holders of our Company increase from RMB110.3 million for the corresponding period in 2009 to RMB453.0 million during the interim period.

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 30 June 2010, the Group is in a strong financial position with a net cash position amounting to RMB1,606.1 million (31 December 2008: RMB1,088.5 million). Hence, no gearing ratio is presented.

Charges on Group Assets

As at 30 June 2010, the Group has pledged deposits of RMB300.9 million as collaterals against certain trade finance facilities granted by banks.

Foreign Exchange Risk Management

During the period, the Group exported approximately 24.5% 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 2010, the Group provided guarantee to banks in connection with facilities granted to the customers amounted to RMB557.8 million. (31 December 2009: RMB457.2 million).

Employees

As at 30 June 2010 the Group had a total workforce of approximately 4,100 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 HK15.0 cents per share for the six months ended 30 June 2010 to shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2010. The interim dividend declared will be paid on or about 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 September 2010 to 15 September 2010, 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 2010.

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 2010, 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.

By Order of the Board
Haitian International Holdings Limited
LO Chi Chiu
Company Secretary

Hong Kong, 25 August 2010

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.