

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2011

HIGHLIGHTS	2011	2010	Increase/ (decrease)
	<i>RMB' million</i>	<i>RMB' million</i>	<i>%</i>
Sales	7,027.6	7,057.3	(0.4)
Gross profit	2,088.1	2,133.5	(2.1)
Profit attributable to equity holders of the Company	1,103.6	1,062.6	3.9
Basic Earnings per share (expressed in RMB per share)	0.69	0.67	3.9
Dividend per share (expressed in HK\$ per share)			
Proposed final	0.135	0.18	(25.0)
Full year (including interim)	0.295	0.33	(10.6)

- Recorded a negligible drop of 0.4% in revenue compared with 2010's record level despite tightening measures in China and uncertain outlook in the global economy
- Significant progress in export markets with an impressive growth of 17.3% in export sales to RMB1,992.6 million
- With stable gross profit margin of 29.7% (2010: 30.2%) and net profit margin improved to 15.7% (2010: 15.1%)
- Profit attributable to equity holders of the Company increased from RMB1,062.6 million in 2010 to RMB1,103.6 million in 2011, being a new record profit of our history
- Outstanding achievements in research and development efforts: winning two 2011 National Science and Technology Progress Awards and launching new products
- The Board proposed an final dividend of HK13.5 cents per share
- Net cash of RMB1,775.4 million to support continuous input in research and development and business expansion for future success

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 2011 with comparative figure for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

(Amounts expressed in RMB)

	Note	2011 RMB'000	2010 RMB'000
Revenue	2	7,027,607	7,057,328
Cost of sales		<u>(4,939,552)</u>	<u>(4,923,817)</u>
Gross profit		2,088,055	2,133,511
Selling and marketing expenses		(556,206)	(566,221)
General and administrative expenses		(303,523)	(290,259)
Other income		79,858	23,913
Other losses – net	3	<u>(5,522)</u>	<u>(29,168)</u>
Operating profit	4	<u>1,302,662</u>	<u>1,271,776</u>
Finance income		38,177	27,949
Finance costs		<u>(4,396)</u>	<u>(7,977)</u>
Finance income – net	5	<u>33,781</u>	<u>19,972</u>
Share of profit of an associate		<u>1,850</u>	<u>1,316</u>
Profit before income tax		1,338,293	1,293,064
Income tax expense	6	<u>(234,665)</u>	<u>(230,505)</u>
Profit for the year		<u>1,103,628</u>	<u>1,062,559</u>
Attributable to:			
Equity holders of the Company		<u>1,103,628</u>	<u>1,062,559</u>
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– basic	7	<u>0.69</u>	<u>0.67</u>
Dividends	8	<u>384,636</u>	<u>451,016</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

(Amounts expressed in RMB)

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Profit for the year	1,103,628	1,062,559
Other comprehensive income:		
Currency translation differences	<u>(5,450)</u>	<u>(3,501)</u>
Total comprehensive income for the year	<u>1,098,178</u>	<u>1,059,058</u>
Total comprehensive income attributable to:		
Equity holders of the Company	<u>1,098,178</u>	<u>1,059,058</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

(Amounts expressed in RMB)

	<i>Note</i>	2011 RMB'000	2010 <i>RMB'000</i>
ASSETS			
Non-current assets			
Land use rights		248,024	236,703
Property, plant and equipment		1,430,281	1,349,737
Intangible assets		1,401	3,501
Investment in an associate		4,435	3,074
Deferred income tax assets		30,384	34,498
Other receivables		21,364	–
		1,735,889	1,627,513
Current assets			
Inventories		1,451,713	1,263,230
Trade and bills receivables	9	2,052,707	1,697,043
Prepayments, deposits and other receivables		263,757	228,779
Restricted bank deposits		638,622	353,954
Cash and cash equivalents		1,741,067	2,016,748
		6,147,866	5,559,754
Total assets		7,883,755	7,187,267
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	11	160,510	160,510
Reserves		4,520,165	3,873,703
Total equity		4,680,675	4,034,213
LIABILITIES			
Non-current liabilities			
Deferred income		12,871	41,892
Deferred income tax liabilities		94,365	56,909
		107,236	98,801

CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2011**(Amounts expressed in RMB)*

	<i>Note</i>	2011 RMB'000	2010 <i>RMB'000</i>
Current liabilities			
Trade and bills payables	<i>10</i>	1,266,423	1,688,602
Accruals and other payables		1,150,129	959,163
Current income tax liabilities		74,991	61,428
Bank borrowings		604,301	345,060
		<hr/> 3,095,844	<hr/> 3,054,253
Total liabilities		<hr/> 3,203,080	<hr/> 3,153,054
Total equity and liabilities		<hr/> 7,883,755	<hr/> 7,187,267
Net current assets		<hr/> 3,052,022	<hr/> 2,505,501
Total assets less current liabilities		<hr/> 4,787,911	<hr/> 4,133,014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

(Amounts expressed in RMB)

	Attributable to equity holders of the Company		Total equity
	Share capital	Reserves	
	(Note 11)		
Note	RMB'000	RMB'000	RMB'000
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	–	(140,379)	(140,379)
– 2010 interim	8	(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
Balance at 1 January 2011	160,510	3,873,703	4,034,213
Comprehensive income			
Profit for the year	–	1,103,628	1,103,628
Other comprehensive income			
Currency translation differences	–	(5,450)	(5,450)
Total comprehensive income for the year ended 31 December 2011	–	1,098,178	1,098,178
Transactions with owners			
Dividend paid			
– 2010 final	8	(242,163)	(242,163)
– 2011 interim	8	(209,553)	(209,553)
Total transactions with owners	–	(451,716)	(451,716)
Balance at 31 December 2011	160,510	4,520,165	4,680,675

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW*For the year ended 31 December 2011**(Amounts expressed in RMB)*

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Net cash generated from operating activities	406,287	1,064,978
Net cash used in investing activities	(203,605)	(288,076)
Net cash used in financing activities	(478,363)	(456,272)
Net (decrease)/increase in cash and cash equivalents	(275,681)	320,630
Cash and cash equivalents at beginning of year	<u>2,016,748</u>	<u>1,696,118</u>
Cash and cash equivalents at end of year	<u>1,741,067</u>	<u>2,016,748</u>

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 2011:

- Amendment to HKAS 34 “Interim financial reporting” is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The changes in accounting policy only results in additional disclosures.

(b) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant/significant to the Group (although they may affect the accounting for future transactions and events)

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Classification of rights issues	1 February 2010
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Amendment to HKFRS 1	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters	1 July 2010
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
Amendment to HK(IFRIC) Int – 14	Prepayments of a minimum funding requirement	1 January 2011

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 “Interim financial reporting” as disclosed in note 1(a), all are not currently relevant/significant to the Group.

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

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 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
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015

The Group is in the process of making assessment of the impact of those new or revised HKFRSs upon initial adoption.

2. SALES AND SEGMENT INFORMATION

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Sales of plastic injection moulding machines and related products	7,027,607	7,057,328

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

Based on these reports, the executive committee has determined that no segment information is presented as substantially all 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:

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Mainland China	4,989,601	5,332,069
Hong Kong and overseas countries	2,038,006	1,725,259
	7,027,607	7,057,328

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

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Total non-current assets other than deferred tax assets		
– Mainland China	1,599,858	1,484,253
– Hong Kong and overseas countries	105,647	108,762
Deferred income tax assets	30,384	34,498
	1,735,889	1,627,513

3. OTHER LOSSES – NET

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Net exchange losses	(31,154)	(32,663)
(Loss)/gain on disposals of property, plant and equipment, net	(964)	59
Gain on disposal of a subsidiary	23,293	–
Others	3,303	3,436
	<u>(5,522)</u>	<u>(29,168)</u>

4. OPERATING PROFIT

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

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Depreciation and amortisation	104,657	90,706
Raw materials and consumables used	4,611,953	4,717,041
Changes in inventories of finished goods and work in progress	(77,521)	(163,918)
Operating lease for buildings	4,629	5,099
Sales commission and after-sales service expenses	394,231	414,675
Provision for impairment of trade receivables	10,581	16,110
Reversal of write-down of inventories	(7,748)	(6,277)
Employment costs	507,343	441,637
	<u>507,343</u>	<u>441,637</u>

5. FINANCE INCOME/COSTS

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Finance costs:		
Interest expense	(6,769)	(7,218)
Net foreign exchange gains/(losses) on borrowings	2,373	(759)
	<u>(4,396)</u>	<u>(7,977)</u>
Finance income:		
Interest income on restricted bank deposits and cash and cash equivalents	29,698	22,549
Interest income on loans to distributors	8,479	5,400
	<u>38,177</u>	<u>27,949</u>
Finance income, net	<u>33,781</u>	<u>19,972</u>

6. INCOME TAX EXPENSE

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

	2011	2010
	RMB'000	RMB'000
Current income tax		
– Mainland China enterprise income tax	182,817	179,084
– Overseas tax	1,614	611
Deferred taxation	50,234	50,810
	234,665	230,505

Ningbo Zhafir Plastics Machinery Co., Ltd. and Ningbo Daxie Development Zone Haitian Machinery Co., Ltd. were entitled for a reduced tax rate of 12% and 24% for the year 2011, respectively.

Wuxi Haitian Machinery Co., Ltd. (“Wuxi Haitian”), Haitian Plastic Machinery Group Limited (“Haitian Plastic Machinery”), and Ningbo Haitian Huayuan Co., Ltd. (“Haitian Huayuan”) were certified as High and New Technology Enterprises in 2009 (for Wuxi Haitian) or 2011 (for Haitian Plastic Machinery and Haitian Huayuan) and were entitled to a reduced tax rate of 15% for three years commencing from 1 January 2009 (for Wuxi Haitian) or 2011 (for Haitian Plastic Machinery and Haitian Huayuan). They are entitled to re-apply for preferential tax treatment when the preferential tax period expires.

Other major operating subsidiaries in Mainland China are subject to enterprise income tax rate of 25% for the year 2011.

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 2011 (2010: 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.

7. 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 RMB1,103,628,000 (2010: RMB1,062,559,000) and on the weighted average number of 1,596,000,000 (2010: 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.

8. DIVIDENDS

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Interim dividend paid of HK16.0 cents (2010: HK15.0 cents) per ordinary share	209,553	208,853
Proposed final dividend of HK13.5 cents (2010: HK18.0 cents) per ordinary share	<u>175,083</u>	<u>242,163</u>
	<u>384,636</u>	<u>451,016</u>

The Company's Board of Directors has recommended payment of a final dividend of HK13.5 cents per share for the year ended 31 December 2011 (2010: HK18.0 cents per share), which is subject to the approval by the Company's shareholders at the upcoming Annual General Meeting. The proposed dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings during the year ending 31 December 2012.

9. 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:

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Up to 6 months	1,786,105	1,520,486
6 months to 1 year	177,208	136,837
1 year to 2 years	101,812	51,293
Over 2 years	<u>27,212</u>	<u>17,478</u>
	2,092,337	1,726,094
Less: provision for impairment	<u>(39,630)</u>	<u>(29,051)</u>
	<u>2,052,707</u>	<u>1,697,043</u>

10. TRADE AND BILLS PAYABLES

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

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Up to 6 months	1,265,351	1,686,195
6 months to 1 year	255	350
1 year to 2 years	–	1,637
Over 2 years	<u>817</u>	<u>420</u>
	<u>1,266,423</u>	<u>1,688,602</u>

11. SHARE CAPITAL

	Authorised share capital		
	Number of shares '000	Amount HKD'000	RMB'000
As at 31 December 2010 and 2011 (shares with a par of HKD0.1 per share)	<u>5,000,000</u>	<u>500,000</u>	<u>502,350</u>
	Issued and fully paid up		
	Number of shares '000	Amount HKD'000	RMB'000
As at 31 December 2010 and 2011 (shares with a par of HKD0.1 per share)	<u>1,596,000</u>	<u>159,600</u>	<u>160,510</u>

12. COMMITMENTS

(a) Capital commitments

	2011 RMB'000	2010 RMB'000
Acquisition of property, plant and equipment – Contracted but not provided for	<u>68,423</u>	<u>99,173</u>

(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:

	2011 RMB'000	2010 RMB'000
Not later than 1 year	<u>958</u>	<u>636</u>
Later than 1 year and not later than 5 years	<u>287</u>	<u>230</u>
	<u>1,245</u>	<u>866</u>

13. CONTINGENT LIABILITIES

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

	2011 RMB'000	2010 RMB'000
Guarantee given to the banks in connection with banking facilities granted to customers	<u>901,203</u>	<u>523,681</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2011 (“Reported Period”), the global and domestic investment confidence was shaken by tight monetary policy in China, European sovereign debt crisis and worries about the progress of economic recovery in the United States. Such events, which also affected the consumer confidence in different regions of the world together inevitably undermined the demand of capital goods including plastic injection moulding machines (“PIMMs”) and adversely affected the PIMMs industry. Notwithstanding the unfavourable environment of the industry, we successfully withstood these macro challenges in 2011 through our efforts in continuing to introduce new and innovative products, expanding international markets, product development and efficiency improvement. We reported a close-to-record revenue of RMB7,027.6 million which represented a negligible drop of 0.4% and a record-setting profit of RMB1,103.6 million representing a mild growth of 3.9% for the Reported Period compared with the same period in 2010. The Board of Directors has declared a final dividend of HK\$0.135 per share for the year ended 31 December 2011, bringing the total dividend for 2011 to HK\$0.295 per share.

During the Reported Period, our domestic sales drop by 7.2% from RMB5,228.4 million in 2010 to RMB4,854.2 million and that was partially compensated by the export sales growth of 17.3% from RMB1,698.5 million in 2010 to RMB1,992.6 million in 2011. As a result, we achieved a similar record level sales of RMB7,027.6 million in 2011.

Domestic and export sales

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

<i>(RMB million)</i>	2011	%	2010	%	2011 Vs 2010
Domestic Sales	4,854.2	69.1%	5,228.4	74.1%	(7.2)%
Export Sales	1,992.6	28.4%	1,698.5	24.1%	17.3%
Parts (both domestic and export)	180.8	2.5%	130.4	1.8%	38.7%
Total	7,027.6	100.0%	7,057.3	100.0%	(0.4)%

After the strong recovery of Chinese economy since the second quarter of 2009, our domestic sales had reported a record level of RMB5,228.4 million in 2010 resulting from market share gain and restoration of deferred CAPEX in view of the financial tsunami in 2008 and early 2009. Starting from 2011, the Chinese government implemented a number of tightening measures including lifting PBOC’s reserve ratio and interest rates in order to curb the overheated economy, inflation and property prices. The impact of such tightening measures gradually emerged in the second half of 2011 and hampered the domestic machinery investment sentiment. Our domestic sales in the second half of 2011 had recorded a drop of 16.0% compared with the first half of 2011. Nonetheless, benefiting from a diversified customer portfolio, especially for large corporate customers which generally have strong financial position and carefully-planned CAPEX schedule, our domestic sales is less impacted

by the tightening measures than other industrial peers. Our full-year domestic sales had recorded a mild drop by 7.2% from RMB5,228.4 million in 2010 to RMB4,854.2 million in 2011. Despite the challenges in global economy presented by the European sovereign debt crisis and worries that the United States economy may falter, we continued to see outstanding performance in our export sales. Through the efforts of building international brand image, strengthening coverage in new markets and expanding export product, our export sales in the second half of 2011 had continued the momentum with the growth of 1.7% compared with the first half of 2011. Our full-year export sales had recorded an encouraging growth from RMB1,698.5 million in 2010 to RMB1,992.6 million in 2011. The sales mix in export sales increased from 24.1% in 2010 to 28.4% in 2011.

Small and medium-to-large tonnage sales

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

<i>(RMB million)</i>	2011	%	2010	%	2011 Vs 2010
Small tonnage	4,346.6	61.9%	4,458.6	63.2%	(2.5)%
Medium-to-large tonnage sales	2,500.2	35.6%	2,468.3	35.0%	1.3%
Parts	180.8	2.5%	130.4	1.8%	38.7%
Total	7,027.6	100.0%	7,057.3	100.0%	(0.4)%

The medium-to-large tonnage PIMMs are usually employed by medium-to-large-size enterprises which generally have stronger financial position and carefully planned CAPEX. Therefore, the sales of medium-to-large machines were generally less sensitive to sluggish market environment and tightening of liquidity. Our sales of medium-to-large tonnage PIMMs still recorded a growth of 1.3% compared with the same period in 2010. In contrast, small tonnage PIMMs are generally more sensitive to macroeconomic changes. The strong growth in sales of all-electric PIMMs which are usually small tonnage PIMM has partly compensated the drop of sales in small tonnage hydraulic PIMMs. As a result, the sales of small tonnage PIMMs recorded a mild drop of 2.5% compared with the same period in 2010.

During the Reported Period, our total output dropped from approximately 30,000 units to 27,000 units of PIMMs while our average selling price increased from RMB229,000 in 2010 to RMB253,000 in 2011. The increase of average selling price reflects the increase in sales mix of medium-to-large tonnage PIMMs and the higher-value-added PIMMs. Despite the tough operating environment, a number of our technological advanced products still performed well in 2011. The sales of Mars series energy-saving PIMMs continued its growth and we recorded sales of RMB5,163.0 million in 2011 which represented a growth of 6.9% compared with 2010. The sales of Mars series PIMMs have increased its contribution to our total sales to 73.5% in 2011 from 68.4% in 2010. The sales of our Venus series all-electric PIMMs have been continuously accelerating after its launch and reached RMB305.2 million in 2011, representing a growth of 77.5% when compared with 2010. The high price-to-performance ratio of our Venus series all-electric PIMMs has received well recognition by customers. 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 overseas market. In 2011, export sales of Venus series amounted to 152.0 million, representing 49.8% of Venus sales.

Enhancing customer benefits and innovation with sustainability are always on the top of our management's agenda. In 2011, we had made significant progress in our product innovation and R&D achievements. On 14 February 2012, our research and development projects of "Research and development of plastic precision moulding technology and equipment and respective industrialisation" and "Research and development of key integrated digital design techniques for sophisticated machinery, process and tooling equipment and the related product series" won two 2011 National Science and Technology Progress Awards (Second Prize). These two awards are the highest honours received in our history and also the first time similar awards were made to the PIMMs industry in China.

As one of the highlights of our product development, our German-Chinese Zhafir team has successfully developed the fully electric, high-tech Mercury series with features which are pioneer in the international PIMM industry. By adopting a number of pioneer technologies, the Mercury series PIMMs can process complex and precision plastic components under extra-ordinary high-melt quality with maximum injection speed acceleration which makes new application of plastic materials possible. We also enhanced the strategic cooperation with Trexel Inc. to offer the MuCell® system equipped Haitian PIMMs in China and certain designed areas internationally. Haitian has successfully worked with Trexel for joint development and offer of the Haitian Micro-Cellular Foaming ("MCF") Injection Molding system. The MuCell® technology can create many advantages in processing plastic parts. Through this technology, customers can best maintain the original mechanical properties and enhance quality of plastic parts, while reducing the manufacturing cost by using less plastic materials, shortening cycle time and reducing required clamping force of PIMMs. The addition of the MuCell® offering will complete Haitian's total solution in micro-cellular foaming. These outstanding achievements of our development team further uplift our technological level to the same level of the international first class PIMM manufacturers.

Outlook

Looking ahead to 2012, the macro-environment remains volatile and complicated and will pose challenges to our business. It is unrealistic to expect that the European sovereign debt crisis, the Chinese tightening monetary policies and looming concerns over the growth in global economy can be entirely eased in the short-term. However, we already note some positive signals from the market in the beginning of 2012 including the gradual reduction of PBOC's reserve ratio and global efforts in formulating latest Greek bailout plan etc. With gradual restoration of consumer confidence, we observe our order level is gradually picking up from the trough of the end of 2011.

Despite the challenge of the macro-environment, we are confident that we will seize current opportunities to further strengthen our position of market and technology leader in the industry with our advanced product which well-matched the Chinese government's emphasis of developing energy-saving, low emission, environmental friendly, high value-added and high precision machines. Starting from the second half of 2012, we plan to mass launch several new, second generation versions of existing product lines including Mars II (formerly named as Pallas), Venus II and Jupiter II. The new versions will offer higher precision, reliability, speed and price-performance ratio to our customers and expect to trigger higher demand of our PIMMs under the tough market conditions. With long-term committed strategy in enhancing R&D capabilities, we expect that the new products will continue to receive positive response from the market and further propel the overall average selling price with higher value-added product mix in the near future.

With outstanding achievements in gaining market share in overseas markets and penetrating into new overseas markets in 2011, we will continue to implement our strategy for 2012 to strengthen our export sales. Besides providing additional support to new overseas markets and new customers in existing ones, we have also assigned several experienced marketing managers to set up dedicated team to serve and follow up potential and existing multi-national corporation key accounts. In view of the fact that Haitian's market shares in global market is still relatively small compared with the domestic market, we believe our export sales still have great potential for growth with increasing recognition and innovation of Haitian production inspite of sluggish consumer demand worldwide.

The success of Haitian story is largely built on our prestigious brand image of commitment in innovation, outstanding product quality and customer services. Therefore, we have set quality assurance as one of key objectives in this year. In 2012, we start "Quality Assurance Campaign" that not only focuses on production process but also extend to our supply chain management and customer service. Through the series of measures, we can improve supply chain management and product quality, raise our production efficiency and enhance pre-sales and after-sales customer satisfaction.

With our commitment to our long-term development strategy that focuses on innovation, enhancement of product quality and globalisation, we have achieved encouraging results for the past years. Riding on our business foundation, financial strengthen and outstanding product quality, we are confident we will continue to deliver outstanding achievements in gaining market share, business growth and product development in 2012.

Financial Review

Sales

Despite the tough economic environment in China and international market, we still recorded a revenue of RMB7,027.6 million during the Reported Period, representing a slight drop of 0.4%. The decline in PRC domestic sales of 7.2% to RMB4,854.2 million was substantially offset by the growth of export sales of 17.3% to RMB1,992.6 million. The overall sales level of RMB7,027.6 million in 2011 is still one of best years in our history.

Gross Profit

During the Reported Period, we recorded gross profit of approximately RMB2,088.1 million, representing a slight decrease of 2.1% compared with the 2010. Overall gross margin maintained at 29.7% in the Reported Period (2010: 30.2%).

During the Reported Period, the cost of raw materials, especially steel and related components which accounted for over 40% of our product cost, had been relatively stable. Other raw materials, parts and components had gradually increased along with inflation but we have been able to manage such increase with our economy of scale and improvement in product mix with higher level of exports sales and sales of medium-to-large tonnage PIMMs, which had higher margin than domestic and small tonnage PIMM sales.

Selling and administrative expenses

During the Reported Period, we maintained a similar level of our activities, therefore our selling and administrative expenses remained flat compared with 2010 of RMB856.5 million and amounted to RMB859.7 million in 2011.

Other income

Other income mainly consists of government subsidy and increased by 234.0% from approximately RMB23.9 million for the corresponding period in 2010 to approximately RMB79.9 million in 2011.

Other losses, net

We recorded other net losses of RMB5.5 million during the Reported Period, representing a decrease of 81.1% in net losses compared with the corresponding period in 2010. The net losses mainly represented exchange losses resulting from appreciation of Renminbi against foreign currencies, mainly including US dollars and Euro amounted to RMB31.2 million and the gain on disposal of a subsidiary amounted to RMB23.3 million.

Finance income – net

Finance income, net increased by 69.1% from RMB20.0 million in 2010 to RMB33.8 million in 2011 mainly as a result of the increase in interest rate in China and exchange gain from US denominated loans.

Income tax expenses

Income tax expenses increased slightly by 1.8% from RMB230.5 million in 2010 to RMB234.7 million in 2011. Our effective tax rate maintained a similar level of 17.5% in 2011 (2010: 17.8%).

Net profit

In view of the above, net profit attributable to equity holders increased approximately 3.9% from RMB1,062.6 million in 2010 to RMB1,103.6 million in 2011.

Acquisition

On 7 April 2011, our Group acquired 100% interests in Ningbo Export Processing Zone Haitian Precision Machinery Co., Ltd., which major assets are a land and a factory building located in Ningbo Export Processing Zone, for an aggregate consideration of approximately RMB185.2 million. The acquisition enables us to expand our production capacity for export sales promptly and seize the growth opportunity in the export markets during the recovery of international demand.

Disposal

On 21 October 2011, our Group disposed 100% interests in Haitian Guo Hua (Dalian) Plastics Machinery Co., Ltd, which major assets are a land and construction work for a factory on such land located at Dalian, for an aggregate consideration of approximately RMB107.8 million.

Capital Expenditure

In 2011, our capital expenditure consisted of additions of property, plant and equipment and land use rights which amounted to RMB150.4 million (2010: RMB391.6 million).

Liquidity and Financial Resources

The gearing ratio is defined as total borrowings divided by shareholders' equity. As at 31 December 2011, our Group was in a strong financial position with a net cash position amounting to RMB1,775.4 million (2010: RMB2,025.6 million). Accordingly, no gearing ratio is presented.

Restricted Deposits

As at 31 December 2011, the bank deposits of RMB638.6 million (2010: RMB354.0 million) of our Group were restricted.

Charges on Group Assets

As at 31 December 2011, our Group had no pledged of assets.

Foreign Exchange Risk Management

During the Reporting Period, our Group exported approximately 29.0% 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 RMB134.2 million and a HK-dollar denominated bank loan which amounted to RMB392.5 million to hedge the exchange risk of US-dollar denominated receivables arising from export sales.

Contingent Liabilities

As at 31 December 2011, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB901.2 million (2010: RMB523.7 million).

Employees

As at 31 December 2011, our Group had a total workforce of approximately 4,700 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 2011 amounted to RMB507.3 million, representing an increase of 14.9% compared with RMB441.6 million in 2010.

Proposed Final Dividend

The Board had resolved to recommend the payment of a final dividend of HK\$0.135 per share for the financial year ended 31 December 2011 which is expected to be paid on or about 6 June 2012 to our shareholders whose names appear on the register of members at the close of business on 22 May 2012, subject to final approval at the Annual General Meeting of the Company.

Closure of Register of Members

(a) Entitlement to Attend and Vote at the AGM

The registers of members of the Company to attend the annual general meeting (the “AGM”) will be closed from 11 May 2012 to 16 May 2012 (both days inclusive). All properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Registrar of shares in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 –16, 17thFloor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 10 May 2012, for registration.

(b) Entitlement to the Proposed Final Dividend

The registers of members of the Company for entitlement of dividend will be closed from 23 May 2012 to 28 May 2012(both days inclusive). All properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Registrar of Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 –16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 22 May 2012, for registration.

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 Reported 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 2011, 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 2011 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 Reported Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed shares during the Reported Period.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This announcement is published on the web site 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, 19 March 2012

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.