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HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1882)

CONNECTED TRANSACTION

PURCHASE OF CNC TURNING MACHINES AND MACHINING CENTRES

This announcement is made in connection with the purchase of CNC turning machines and machining centres manufactured by Haitian Precision by the Group for an aggregate consideration of RMB8,262,200 (equivalent to approximately HK\$9,388,900). Haitian Precision is a connected person of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Purchase are higher than 0.1% but less than 2.5% and the total consideration is more than HK\$1,000,000, the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

A. PURCHASE OF CNC TURNING MACHINES AND MACHINING CENTRES

Parties to the Machinery Equipment Purchase Agreements

- (i) Haitian Precision (as vendor); and
- (ii) Haitian Shili and Daxie Haitian (respectively as purchaser).

Date of the Machinery Equipment Purchase Agreements

31 October 2008.

Machinery equipment to be purchased

Haitian Shili and Daxie Haitian have separately entered into the Machinery Equipment Purchase Agreements with Haitian Precision to purchase CNC turning machines and machining centres manufactured by Haitian Precision. Such CNC turning machines and machining centres will be used for the processing of parts and components for the manufacture of plastic injection moulding machines by the Group.

Consideration

The total consideration for the purchase of the CNC turning machines and machining centres by Haitian Shili and Daxie Haitian is RMB8,262,200 (equivalent to approximately HK\$9,388,900), to be paid by installments for each CNC turning machine and machining centre. The payment for each CNC turning machine and machining centre is by installment payments as follows:

- 10% of the purchase price of each CNC turning machine and/or machining centre will be paid within 7 days after the signing of the relevant Machinery Equipment Purchase Agreement;
- 80% of the purchase price of each CNC turning machine and/or machining centre will be paid within 7 days before the delivery of the relevant equipment; and
- 10% of the purchase price of each CNC turning machine and/or machining centre will be paid within 90 days after passing subsequent inspection of the respective equipment.

The amounts of consideration under the Machinery Equipment Purchase Agreement with Daxie Haitian and Haitian Shili are RMB1,520,000 (equivalent to approximately HK\$1,727,300) and RMB6,742,200 (equivalent to approximately HK\$7,661,600) respectively. The consideration for the purchase of the CNC turning machines and machining centres was based on the fair market value of the CNC turning machines and machining centres and was determined on the basis of normal commercial terms following arm's length negotiations between the Group and Haitian Precision and on rates no less favourable than those offered by independent third parties.

The consideration for the purchase of the CNC turning machines and machining centres shall be paid out of the internal resources of the Company.

Effectiveness and Condition Precedent

The purchase of the CNC turning machines and machining centres is conditional upon the Company's compliance with the application requirements of the Listing Rules for the Purchase as stipulated in each of the Machinery Equipment Purchase Agreements.

Subject to the fulfillment of the condition precedent mentioned above, the Purchase will be conducted according to the delivery schedule for each CNC turning machine and machining centre agreed between the parties.

The Machinery Equipment Purchase Agreements are independent and separate agreements and are not conditional on each other.

B. REASONS FOR AND BENEFITS OF THE PURCHASE

The Group had purchased CNC turning machines and machining centres from Haitian Precision in the past for processing of parts and components for the manufacture of plastic injection moulding machines by the Group. To increase the internal processing capacity of the Group and thereby lowering outsourcing cost, the Group would require additional CNC turning machines and machining centres. The Directors consider the time and procedures required for importing CNC turning machines and machining centres from overseas manufacturers is not efficient and cost effective, especially in view of the consistently improving quality of similar domestic products and their better affordability as compared to the products of foreign competitors. The CNC turning machines and machining centres of Haitian Precision have consistently been able to meet the requirements of the Group.

The Directors, including the independent non-executive Directors, believe that the Purchase is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

C. LISTING RULES IMPLICATIONS

Haitian Precision is owned as to approximately 51% by Ningbo Haitian and as to approximately 49% by Anson Asia. Mr. Zhang Jingzhang and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, executive Directors and his sons, and Mr. Guo Mingguang and Mr. Liu Jianbo, executive Directors and his son-in-laws) are interested in 54.42% equity interest in Ningbo Haitian and Mr. Zhang Jingzhang and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, executive Directors and his sons) are interested in 75.28% equity interest in Anson Asia and, pursuant to Rule 14A.11(4) of the Listing Rules, Haitian Precision is a connected person of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Purchase are higher than 0.1% but less than 2.5% and the total consideration is more than HK\$1,000,000, the Purchase is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

D. FURTHER INFORMATION ON THE PARTIES

The Group is principally engaged in the design, development, manufacture and sale of plastic injection moulding machineries and related parts. Haitian Shili and Daxie Haitian are the major operating subsidiaries of the Company engaged in the production of plastic injection moulding machineries.

Haitian Precision is engaged in the design, development, manufacture and sale of CNC turning machines and machining centres.

E. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Anson Asia”	Anson Asia (Hong Kong) Limited, a company incorporated in Hong Kong;
“associate(s)”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors of the Company;
“CNC turning machine(s)”	Computer Numerically Controlled turning machine(s);
“Company”	Haitian International Holdings Limited, a limited liability company incorporated in the Cayman Islands;
“Daxie Haitian”	寧波大榭開發區海天機械有限公司 (Ningbo Daxie Development Zone Haitian Machinery Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly owned subsidiary of the Company;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Haitian Precision”	Ningbo Haitian Precision Machinery Co., Ltd., a limited liability company incorporated in the PRC;
“Haitian Shili”	寧波海天實力機械有限公司 (Ningbo Haitian Shili Machinery Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly owned subsidiary of the Company;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Machinery Equipment Purchase Agreements”	the two equipment purchase agreements in Chinese dated 31 October 2008 entered into between Haitian Precision and Haitian Shili and Daxie Haitian respectively for the sale and purchase of the CNC turning machines and machining centres;

“machining centre(s)”	machinery(ies) used in shaping metal platens, toggles and bases which includes, among others, drilling, lathing, polishing and milling;
“Ningbo Haitian”	寧波海天股份有限公司 (Ningbo Haitian Share Company Limited*), a limited liability company incorporated in the PRC;
“PRC”	the People’s Republic of China;
“Purchase”	the purchase of the CNC turning machines and machining centres and;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC.

By order of the board of
HAITIAN INTERNATIONAL HOLDINGS LIMITED
Mr. Zhang Jingzhang
Chairman

PRC, 31 October 2008

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.

In this announcement, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of RMB0.88 = HK\$1, for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into HK dollars at such rates or any other exchange rates on such date or any other date.

* *For identification purpose only.*