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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 Transactions

Acquisitions of Equity Interest and Shareholder's Loan in Zhafir Plastics

This announcement is made in connection with the acquisitions of a 91% equity interest and a shareholder's loan and its interest of approximately Euros 6,569,437 (equivalent to approximately HK\$68,650,617) in Zhafir Plastics by a subsidiary of the Company from Mr. Zhang Jianming, Mr. Zhang Jianfeng and Professor Helmut Helmar Franz for an aggregate consideration of approximately Euros 6,569,440 (equivalent to approximately HK\$68,650,648). Mr. Zhang Jianming and Mr. Zhang Jianfeng are executive Directors of the Company and therefore connected persons of the Company and the Acquisitions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

A. ACQUISITIONS

1. Acquisition of the Equity Interest

Parties to the Share Purchase Agreement

- (i) Sunnew (as purchaser);
- (ii) Mr. Zhang Jianming (as vendor of a 60% equity interest in Zhafir Plastics);
- (iii) Mr. Zhang Jianfeng (as vendor of a 20% equity interest in Zhafir Plastics); and
- (iv) Professor Helmut Helmar Franz (as vendor of 11% equity interest in Zhafir Plastics).

Date of the Agreement

22 August 2007

Interests to be acquired

Sunnew has entered into the Share Purchase Agreement to acquire an aggregate of 91% equity interest in Zhafir Plastics held by the Vendors.

Zhafir Plastics is a private company incorporated in Germany in 1995. The Vendors acquired the entire issued share capital of Zhafir Plastics in December 2005 from independent third parties for an aggregate consideration of Euros 20,000 (equivalent to approximately HK\$209,000). The Company was informed that the purpose of acquiring Zhafir Plastics was for the research and development of plastic injection moulding machinery in Germany. After the acquisition in 2005, Zhafir Plastics commenced the construction of its research and development facilities in Germany and has commenced its research and development of plastic injection moulding machineries in January 2007. Immediately prior to the Acquisitions, Zhafir Plastics was owned as to 60% by Mr. Zhang Jianming, 20% by Mr. Zhang Jianfeng and 20% by Professor Helmut Helmar Franz.

Consideration

The consideration for the acquisition of the Equity Interest is Euros 3 (equivalent to approximately HK\$31), payable by Sunnew in one lump sum within 30 calendar days from the date of the Agreement.

The consideration for the acquisition of the Equity Interest was agreed based on the net liabilities of Zhafir Plastics of approximately Euros 973,047 (equivalent to approximately HK\$10,168,341) as at 30 June 2007 based on the audited financial statements of Zhafir Plastics for the six months ended 30 June 2007 prepared in accordance with German accounting standards and audited by PricewaterhouseCoopers, Certified Public Accountants, and on the basis of normal commercial terms following arm's length negotiations between the Company and the Vendors.

The Vendors acquired the equity interest in Zhafir Plastics in December 2005 and was not involved in the operation and management of Zhafir Plastics for the financial year ended 31 December 2005, during which Zhafir Plastics recorded an unaudited loss before taxation and extraordinary items of approximately Euros 2,831 (equivalent to approximately HK\$29,584) and an unaudited profit after taxation and extraordinary items of approximately Euros 56,512 (equivalent to approximately HK\$590,550). As Zhafir Plastics was still at its stage of research and development after the Vendors' acquisition in December 2005 and had not entered into arrangement with any third party for commercialization of its research and development results, it recorded net losses before taxation and extraordinary items of approximately Euros 367,457 (equivalent to approximately HK\$3,839,927) and Euros 599,907 (equivalent to approximately HK\$6,269,028) and net losses after taxation and extraordinary items of approximately Euros 368,591 (equivalent to approximately HK\$3,851,776) and Euros 601,448 (equivalent to approximately HK\$6,285,132) for the financial year ended 31 December 2006 and the six months ended 30 June 2007, respectively.

The consideration for the acquisition of the Equity Interest shall be paid out of the internal resources of the Company.

Effectiveness and Completion

The acquisition of the Equity Interest is conditional upon, among others, (i) satisfactory legal, financial and other due diligence investigations on Zhafir Plastics performed by the Company and/or its advisers; (ii) the Company's compliance with the applicable requirements of the Listing Rules for the Acquisitions; and (iii) completion of the acquisition of the Shareholder's Loan by Sunnew from Mr. Zhang Jianming.

Zhafir Plastics will become a non-wholly owned subsidiary of the Company following the completion of the Acquisitions and its results will be consolidated accordingly.

2. Acquisition of the Shareholder's Loan

Parties to the Shareholder's Loan Purchase Agreement

- (v) Sunnew (as purchaser);
- (vi) Mr. Zhang Jianming (as vendor); and
- (vii) Zhafir Plastics (as company).

Date of the Agreement

22 August 2007

Interests to be acquired

Sunnew has entered into the Shareholder's Loan Purchase Agreement to acquire the Shareholder's Loan from Mr. Zhang Jianming. The Shareholder's Loan carries an interest of 1% per annum and as at 30 June 2007, the principal and the interests of the Shareholder's Loan were approximately Euros 6,517,490 (equivalent to approximately HK\$68,107,771) and approximately Euros 51,947 (equivalent to approximately HK\$542,846), respectively.

Consideration

The aggregate consideration for the acquisition of the Shareholder's Loan is approximately Euros 6,569,437 (equivalent to approximately HK\$68,650,617) being the sum of the principal and interests of the Shareholder's Loan as at 30 June 2007, payable by Sunnew in one lump sum within 30 calendar days from the date of the Shareholder's Loan Purchase Agreement.

The consideration shall be paid out of the internal resources of the Company.

Effectiveness and Completion

The acquisition of the Shareholder's Loan is conditional upon, among others, (i) satisfactory legal, financial and other due diligence investigations on Zhafir Plastics performed by the Company and/or its advisers; (ii) the Company's compliance with the applicable requirements of the Listing Rules for the Acquisitions; and (iii) completion of the acquisition of the Equity Interest by Sunnew from the Vendors.

B. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Directors believe that the Acquisitions will enable the Group to gain access to the advanced and new technologies and industrial expertise for plastic injection moulding machinery in Germany which will strengthen the research and development capability of the Group for its hydro-electric and full-electric plastic injection moulding machineries.

Since the commencement of research and development operation, Zhafir Plastics have acquired a patent for a component of plastic injection moulding machinery from one of its engineers for part of its research and development project and is currently developing other technologies for plastic injection moulding machinery. The Directors believe that the Acquisitions are in line with the Group's development strategies for enhancement of the Group's research and development capabilities for more advanced plastic injection moulding machineries.

The Directors, including the independent non-executive Directors, believe that the Acquisitions are 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

Zhafir Plastics' issued share capital is held as to 60% by Mr. Zhang Jianming and 20% by Mr. Zhang Jianfeng, who are both executive Directors and hence connected persons of the Company as defined under Rule 14A.11 of the Listing Rules. The Acquisitions therefore constitute connected transactions of the Company under Rule 14A.13 of the Listing Rules and as each of the percentage ratios (other than the profit ratio) of the Acquisitions is less than 2.5%, the Acquisitions are not subject to independent shareholders' approval under Rule 14A.48 of the Listing Rules but are subject to reporting and announcement requirements set out in Rule 14A.45 and 14A.47 of the Listing Rules.

D. FURTHER INFORMATION ON THE PARTIES

The Group is principally engaged in the design, develop, manufacture and sale of plastic injection moulding machineries and related parts. Sunnew is an investment holding company and an indirectly wholly-owned subsidiary of the Company.

Zhafir Plastics is engaged in the research and development of plastic injection moulding machineries.

E. DEFINITIONS

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

“Acquisitions”	the acquisition of the Equity Interest and the Shareholder’s Loan;
“Board”	the board of Directors of the Company;
“Company”	Haitian International Holdings Limited;
“Director(s)”	director(s) of the Company;
“Equity Interest”	91% equity interest in Zhafir Plastics to be acquired by Sunnew pursuant to the Share Purchase Agreement;
“Euros”	Euros, the lawful currency of the European Economic and Monetary Union (EMU);
“Group”	the Company and its subsidiaries;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of The People’s Republic of China;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Share Purchase Agreement”	the share purchase agreement dated 22 August 2007 entered into between the Purchaser and the Vendors for the sale and purchase of the Equity Interest;
“Shareholder’s Loan”	a loan provided by Mr. Zhang Jianming to Zhafir Plastics in the amount of approximately Euros 6,517,490 (equivalent to approximately HK\$68,107,771) with interests of approximately Euros 51,947 (equivalent to approximately HK\$542,846) as at 30 June 2007;
“Shareholder’s Loan Purchase Agreement”	the shareholder’s loan purchase agreement dated 22 August 2007 entered into between the Purchaser, Mr. Zhang Jianming and the Company for the sale and purchase of the Shareholder’s Loan;
“Sunnew”	Sunnew Investments Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of the Company;

“Vendors”

Mr. Zhang Jianming, Mr. Zhang Jianfeng and Professor Helmut Helmar Franz. Mr. Zhang Jianming and Mr. Zhang Jianfeng are executive Directors and Professor Helmut Helmar Franz is the chairman of the strategy and development committee of the Company and a director of 寧波海天股份有限公司 (Ningbo Haitian Group Co., Ltd.), an associate of Mr. Zhang Jianming, executive Director. Save as disclosed above, Professor Helmut Helmar Franz has no other relationship with the Company or its connected persons and accordingly Professor Helmut Helmar Franz is not a connected person of the Company under the Listing Rules; and

“Zhafir Plastics”

Zhafir Plastics Machinery GmbH, a private company limited by shares incorporated in Germany and previously known as IVB GmbH Industrievertretungen.

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

PRC, 22 August 2007

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jingzhang, Mr. Zhang Jiaming, Mr. Zhang Jianfeng, Mr. Zhang Jianguo, Mr. Guo Mingguang and Ms. Chen Ningning; the Non-executive Director is Mr. Hu Guiqing; and the Independent Non-executive Directors are Mr. Pan Chaoyang, Mr. Gao Xunxian and Mr. Dai Xiangbo.

In this announcement, unless otherwise stated, certain amounts denominated in Euros have been translated into HK dollars at an exchange rate of Euros 1 = HK\$10.45, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Euros 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.