

Chairman's Statements



“The keys to our success are our people, our cost management and our capital (“three core elements”)”

Dear Shareholders,

On behalf of Haitian International Holdings Limited, (“Haitian Holdings” or the “Company”), together with its subsidiaries (the “Group”), I am pleased to present the Group's annual results for the year ended 31 December 2006.

Performance Review

The Group had an outstanding year of 2006 with remarkable growth in business and financial performance. In 2006, the Group not only has consolidated and strengthened its leading position in China, but also succeeded in the international market. The domestic plastic injection moulding machines (“PIMMs”) industry in China posted a recovery in 2006 following last year's lackluster industry performance which was mainly caused by the Government's austerity measures and the high volatility of crude oil prices. Against this background, the Group stepped up its efforts to expand the domestic market and made a breakthrough in domestic sales values in 2006 with significant growth of 26.2% as compared to 2005. Capitalising on its quality product, international brand recognition and comprehensive sales network, the export sales has once again reached its record high of approximately RMB954.5 million, representing 21.8% growth compared to 2005. As a result, the Group's turnover increased by 23.2% to approximately RMB3,175.7 million in 2006.

Besides the sales growth, the profitability of the Group also improved satisfactorily in 2006. During the year, the profit attributable to the equity holders of the Company reached RMB450.9 million, representing an increase of 46.9% compared to 2005. After taking out the effect of one-off interest income from subscription of new shares



The Company listed on the Main Board of the Stock Exchange on 22 December 2006

Chairman's Statements (continued)

which amounted to RMB23.2 million, the profit attributable to the equity holders of the Company will be RMB427.6 million representing an increase of 39.3% compared to 2005. Leveraging on economies of scales and effective cost control, the net profit margin excluding the one-off interest income also improved from 11.9% in 2005 to 13.5% in 2006.

Future Prospects

We remain optimistic about the Group's performance in 2007 in view of the recent development in new products, increased production capacity in Wuxi and steady growth of demand for PIMMs globally.

In order to capture the opportunity of the growing market demand of three types of PIMMs identified by the Group, namely 1) large tonnage PIMMs, 2) environmental friendly PIMMs, and 3) high speed and high precision PIMMs, the Group will continue to maintain strong commitment in R&D focusing on these three areas. In 2006, the Group introduced two series of new products in the fourth quarter, namely J5 series, a new generation of energy saving PIMMs and HTD series, the full electric PIMMs. The market response to these two new series have been very encouraging. The J5 series was considered a revolution of old energy saving PIMMs by using a electric servo motors to replace variable pump or frequency conversion electromotor to drive hydraulic system of PIMMs. It has not only higher energy saving features and cycle time but also higher precision than fully hydraulic systems. The introduction of HTD series, the full electric PIMMs, also enables the Group to enter the new market segment previously dominated by Japanese manufacturers. Being the first Chinese domestic player to mass produce full electric PIMMs with cost advantages, we believe that a higher

penetration rate of the new market can be attained at a fast pace.

We expect the growth of demand in PIMMs will continue in coming years in view of the increasing trend in the use of plastic materials, which are considered to be relatively inexpensive, durable and light-weight substitution to timber and steel and with wide application for automotive, logistic and recycling businesses. We remain optimistic on the overall global economy and expect there will be steady growth in demand for the PIMMs market in 2007. To capture the growth of the market, we have built a new factory in Wuxi, which commenced its operation in the last quarter of 2006. The Wuxi factory is strategically located in one of the three regions with highest demand for PIMMs and named plastic material manufacturing provinces in China. This factory will further increase the Group's production capacity approximately from 18,000 to 22,000 PIMMs in 2007.



"Haitian" is named as a major Chinese brand for export sales (重點培育和發展的中國出口名牌) by the Ministry of Commerce of China



A new factory in Wuxi commenced its operation in the last quarter of 2006

Chairman's Statements (continued)

After the Group's listing in December 2006, the increase in reputation and brand awareness of "Haitian" will certainly improve our export operations to better promote our products to overseas and multi-national corporate customers. In the coming years, the Group will continue to expand our export operations by introducing more technologically advanced and high-end products, enhancing our international third party sales network and improving the quality of end-customer service by establishing more overseas service centres such as North Africa, Russia and India etc.

With competitive new PIMMs, strong R&D team and increased production capacity with favourable market demand, we are confident of achieving an excellent business performance to enhance the values of our shareholders.

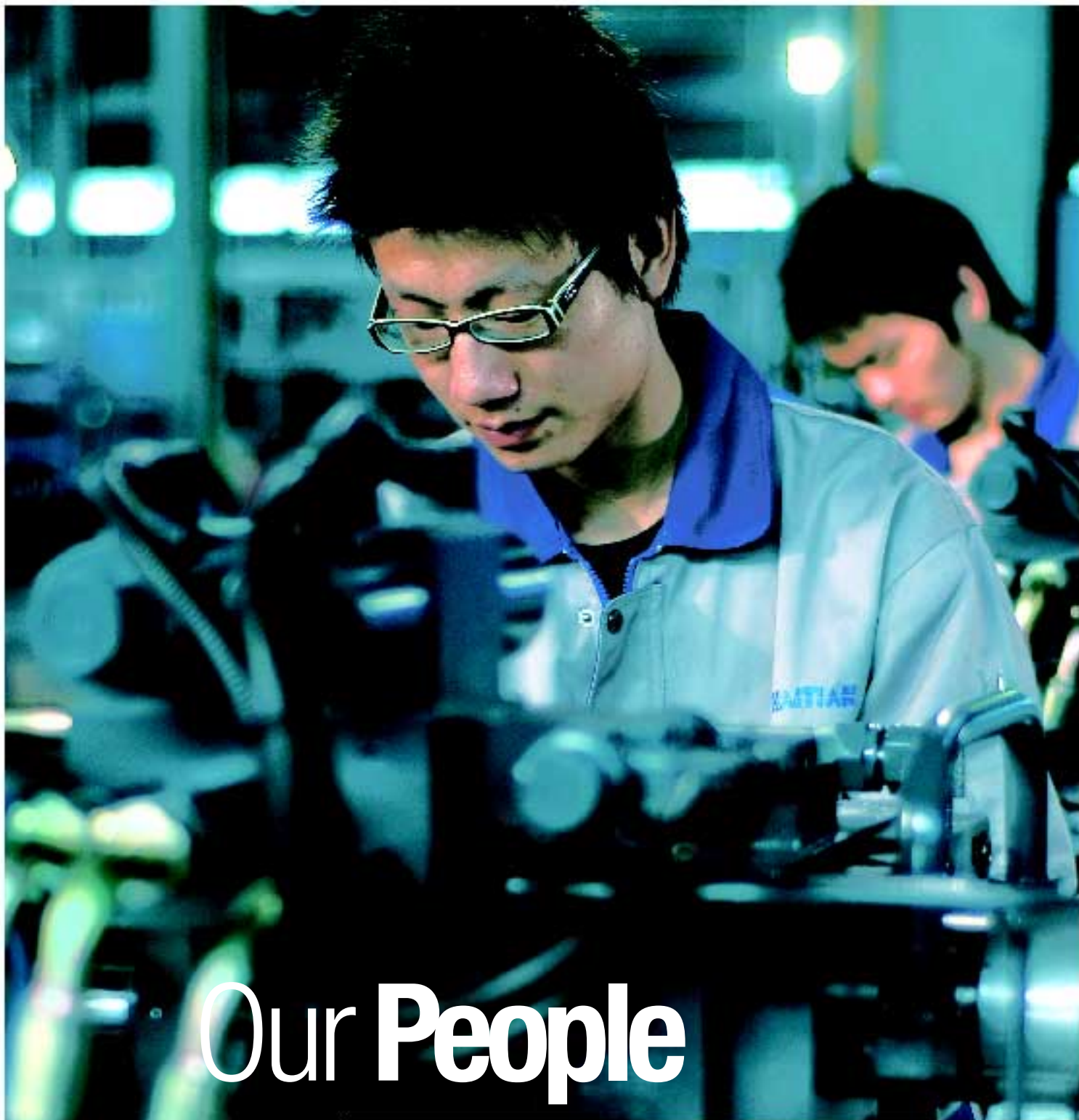
Appreciation

2006 was also a special year for the Group as we were successfully listed on the Main Board of the Stock Exchange and celebrating 40th Anniversary of Haitian Group. Whilst we are proud of our achievements over the past four decades, we would like to take this opportunity to express our gratitude to the Group's employees for their invaluable contributions to the Group and customers, suppliers and business partners for their continued confidence in and support to the Group.

Mr. Zhang Jingzhang
Chairman of the Group

20 April 2007





Our People

