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 2014

HIGHLIGHTS

	2014	2013	Increase
	RMB' million	*RMB' million*	*%*
Revenue	**7,560.3**	7,200.7	5.0
Gross profit	**2,452.7**	2,273.7	7.9
Profit attributable to shareholders of the Company excluding issuing expense of Convertible bonds ("CB") and change in fair value of CB	**1,333.7**	1,206.2	10.6
Profit attributable to shareholders of the Company	**1,305.0**	1,206.2	8.2
Basic earnings per share (expressed in RMB per share)	**0.82**	0.76	8.2
Dividend per share (expressed in HK$ per share)			
Second interim	**0.18**	0.16	12.5
Full year (including interim)	**0.34**	0.31	9.7

- Achieved record high revenue and profit attributable to shareholders for 2 consecutive years

- Revenue increased to RMB7,560.3 million, representing an increase of 5.0% compared to 2013. Under the challenging economic environment, domestic sales still recorded mild growth of 1.9% to RMB5,071.1 million and export sales recorded growth of 13.1% to 2,331.4 million, reaching a new export record

- Continuous improvement in gross profit margin to 32.4% (2013: 31.6%) resulting from improved margin in second generation machines ("Generation 2"), raise of operational efficiency, benefiting from economic of scale and relatively stable cost of raw materials

- Profit attributable to shareholders of the Company increased to RMB1,305.0 million, representing an increase of 8.2% compared to 2013. Excluding issuing expense of CB and accounting loss in change of fair value in CB, profit attributable to shareholders of the Company increased to RMB1,333.7 million, representing an increase of 10.6% compared to 2013

- Net cash generated from operating activities increased to RMB1,414.1 million, representing an increase of 8.9%

- The Board declared a second interim dividend of HK$0.18 per share, together with interim dividend paid in September 2014 constitute a total dividend of HK$0.34 per share (2013: HK$0.31 per share)

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 2014 with comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014
(Amounts expressed in RMB)

	Note	**2014** *RMB’000*	2013 *RMB’000*
Revenue	*2*	**7,560,266**	7,200,653
Cost of sales		**(5,107,526)**	(4,926,988)
Gross profit		**2,452,740**	2,273,665
Selling and marketing expenses		**(636,820)**	(606,277)
General and administrative expenses		**(415,203)**	(372,242)
Other income		**98,325**	70,495
Other losses – net	*3*	**(13,136)**	(9,719)
Operating profit	*4*	**1,485,906**	1,355,922
Finance income		**158,092**	127,990
Finance costs		**(51,617)**	(13,566)
Finance income – net	*5*	**106,475**	114,424
Share of profit of an associate		**4,052**	5,192
Profit before income tax		**1,596,433**	1,475,538
Income tax expense	*6*	**(291,417)**	(269,302)
Profit for the year		**1,305,016**	1,206,236
Attributable to:			
Shareholders of the Company		**1,305,016**	1,206,236
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)			
– basic	*7*	**0.82**	0.76
– diluted	*7*	**0.81**	–
Dividends	*8*	**430,147**	392,751

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Amounts expressed in RMB)

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**1,305,016**	1,206,236
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in value of available-for-sale financial assets	**14,730**	12,294
Currency translation differences	**2,360**	(2,831)
Total comprehensive income for the year	**1,322,106**	1,215,699
Total comprehensive income attributable to:		
Shareholders of the Company	**1,322,106**	1,215,699

CONSOLIDATED BALANCE SHEET
As at 31 December 2014
(Amounts expressed in RMB)

	Note	**2014** **RMB'000**	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights		**391,559**	325,410
Property, plant and equipment		**2,116,413**	1,862,452
Investment in an associate		**13,489**	10,868
Deferred income tax assets		**53,311**	50,578
Other receivables	*10*	**510,925**	16,691
Available-for-sale financial assets	*12*	**50,402**	–
		3,136,099	2,265,999
Current assets			
Inventories		**1,677,158**	1,611,536
Trade and bills receivables	*11*	**2,217,412**	2,285,968
Prepayments, deposits and other receivables		**267,843**	168,353
Available-for-sale financial assets	*12*	**2,056,122**	1,469,294
Financial assets at fair value through profit or loss		**–**	32,000
Restricted bank deposits		**152,810**	130,210
Cash and cash equivalents		**2,202,827**	2,112,640
		8,574,172	7,810,001
Total assets		**11,710,271**	10,076,000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*13*	**160,510**	160,510
Share premium		**1,331,913**	1,331,913
Other reserves		**788,923**	640,943
Retained earnings			
– Second interim dividend		**227,365**	202,273
– Others		**4,575,596**	3,831,617
Total equity		**7,084,307**	6,167,256

CONSOLIDATED BALANCE SHEET (*Continued*)
As at 31 December 2014
(Amounts expressed in RMB)

	Note	***2014*** ***RMB'000***	*2013* *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income		**10,650**	12,442
Deferred income tax liabilities		**150,873**	111,593
Convertible bonds	*15*	**1,225,746**	–
		1,387,269	124,035
Current liabilities			
Trade and bills payables	*14*	**1,906,508**	1,895,875
Accruals and other payables		**1,261,253**	1,169,246
Current income tax liabilities		**66,328**	80,384
Bank borrowings		**–**	636,188
Derivative financial instruments		**4,606**	3,016
		3,238,695	3,784,709
Total liabilities		**4,625,964**	3,908,744
Total equity and liabilities		**11,710,271**	10,076,000
Net current assets		**5,335,477**	4,025,292
Total assets less current liabilities		**8,471,576**	6,291,291

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014
(Amounts expressed in RMB)

		Attributable to owners of the Company					
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2013		160,510	1,331,913	529,228	3,313,817	5,335,468	5,335,468
Comprehensive income							
Profit for the year		–	–	–	1,206,236	1,206,236	1,206,236
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Change in value of available-for-sale financial assets		–	–	12,294	–	12,294	12,294
Currency translation differences		–	–	(2,831)	–	(2,831)	(2,831)
Total comprehensive income for the year ended 31 December 2013		–	–	9,463	1,206,236	1,215,699	1,215,699
Transactions with owners							
Dividend paid							
– 2012 final		–	–	–	(193,433)	(193,433)	(193,433)
– 2013 interim	*8*	–	–	–	(190,478)	(190,478)	(190,478)
Appropriations		–	–	102,252	(102,252)	–	–
Total transactions with owners		–	–	102,252	(486,163)	(383,911)	(383,911)
Balance at 31 December 2013		160,510	1,331,913	640,943	4,033,890	6,167,256	6,167,256
Balance at 1 January 2014		**160,510**	**1,331,913**	**640,943**	**4,033,890**	**6,167,256**	**6,167,256**
Comprehensive income							
Profit for the year		**–**	**–**	**–**	**1,305,016**	**1,305,016**	**1,305,016**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Change in value of available-for-sale financial assets		**–**	**–**	**14,730**	**–**	**14,730**	**14,730**
Currency translation differences		**–**	**–**	**2,360**	**–**	**2,360**	**2,360**
Total comprehensive income for the year ended 31 December 2014		**–**	**–**	**17,090**	**1,305,016**	**1,322,106**	**1,322,106**
Transactions with owners							
Dividend paid							
– 2013 second interim	*8*	**–**	**–**	**–**	**(202,273)**	**(202,273)**	**(202,273)**
– 2014 interim	*8*	**–**	**–**	**–**	**(202,782)**	**(202,782)**	**(202,782)**
Appropriations		**–**	**–**	**130,890**	**(130,890)**	**–**	**–**
Total transactions with owners		**–**	**–**	**130,890**	**(535,945)**	**(405,055)**	**(405,055)**
Balance at 31 December 2014		**160,510**	**1,331,913**	**788,923**	**4,802,961**	**7,084,307**	**7,084,307**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014
(Amounts expressed in RMB)

	2014	*2013*
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,414,122**	1,298,570
Net cash used in investing activities	**(1,479,776)**	(1,620,610)
Net cash generated/(used) in financing activities	**155,841**	(175,871)
Net increase/(decrease) in cash and cash equivalents	**90,187**	(497,911)
Cash and cash equivalents at beginning of year	**2,112,640**	2,610,551
Cash and cash equivalents at end of year	**2,202,827**	2,112,640

Notes

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, as modified by the revaluation of available-for-sale financial assets and financial assets (including derivative instruments) at their fair value through profit or loss and convertible bonds, which are carried at fair value. Certain items in the financial statements were reclassified in order to align current year presentation. The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap 32) for this financial year and the comparative period. 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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

(a) New and amended standards and amendments adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning on or after 1 January 2014.

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13.

HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

There is no material impact to the Group for adoption of these new and amended standards.

(b) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2014 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

		Effective for annual periods beginning on or after
Amendment to HKAS 39	Financial Instruments: Recognition and Measurement – 'Novation of derivatives'	1 January 2014
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities	1 January 2014

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted.

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits	1 July 2014
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
Amendments to HKAS1	Presentation of financial statements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010-2012 reporting cycle, 2011-2013 reporting cycle, 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7	Financial instruments: Disclosures	1 January 2016
HKAS 19	Employee benefits	1 January 2016
HKAS 34	Interim financial reporting	1 January 2016

The Group is assessing the full impact of the amendments and standards, and according to the preliminary assessment, there is no significant impact on the consolidated financial statements. The Group intends to adopt the amendments no later than the respective effective dates of the amendments.

(d) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. REVENUE AND SEGMENT INFORMATION

	2014	2013
	RMB'000	*RMB'000*
Sales of plastic injection moulding machines and related products	**7,560,266**	7,200,653

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 internal 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 no geographical segment information is presented as management reviews the business performance based on type of business, not geographically.

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:

	2014	2013
	RMB'000	*RMB'000*
Mainland China	**5,184,244**	5,094,558
Hong Kong and overseas countries	**2,376,022**	2,106,095
	7,560,266	7,200,653

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

	2014	2013
	RMB'000	*RMB'000*
Total non-current assets other than financial assets and deferred income tax assets		
– Mainland China	**2,420,495**	2,085,971
– Hong Kong and overseas countries	**100,966**	112,759
Deferred income tax assets	**53,311**	50,578
Other receivables	**510,925**	16,691
Available-for-sales financial assets	**50,402**	–
	3,136,099	2,265,999

3. OTHER LOSSES – NET

	2014	2013
	RMB'000	*RMB'000*
Net foreign exchange losses	**(18,915)**	(11,139)
Gains/(losses) on disposals of property, plant and equipment, net	**277**	(167)
Others	**5,502**	1,587
	(13,136)	(9,719)

4. OPERATING PROFIT

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

	2014	2013
	RMB'000	*RMB'000*
Depreciation and amortisation	**147,481**	123,398
Raw materials and consumables used	**4,622,365**	4,532,256
Changes in inventories of finished goods and work in progress	**(54,656)**	(125,874)
Operating lease for buildings	**5,485**	3,419
Sales commission and after-sales service expenses	**403,802**	386,963
Provision for impairment of trade receivables	**8,390**	11,917
Provision for write-down of inventories	**5,086**	9,356
Employment costs	**632,192**	592,619

5. FINANCE INCOME/COSTS

	2014	2013
	RMB'000	*RMB'000*
Finance costs:		
Change in fair value of convertible bonds		
– resulted from change in exchange rate	**(2,400)**	–
– resulted from change in bond value	**(1,946)**	–
Issuing expense of convertible bonds	**(24,316)**	–
Interest expense	**(22,955)**	(13,566)
	(51,617)	(13,566)
Finance income:		
Interest income on restricted bank deposits and cash and cash equivalents	**47,550**	68,249
Interest income on financial products	**87,276**	17,760
Interest income on entrusted loans	**27,849**	9,640
Net foreign exchange (losses)/gains	**(4,583)**	32,341
	158,092	127,990
Finance income, net	**106,475**	114,424

6. INCOME TAX EXPENSE

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

	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– Mainland China enterprise income tax	**237,148**	237,145
– Overseas income tax	**2,631**	1,012
Deferred taxation	**51,638**	31,145
	291,417	269,302

Haitian Plastic Machinery Group Limited ("Haitian Plastic Machinery") and Ningbo Haitian Huayuan Co., Ltd. ("Haitian Huayuan") qualified as High and New Technology Enterprises ("HNTE") in 2014. Wuxi Haitian Machinery Co., Ltd. ("Wuxi Haitian") qualified as HNTE in 2012 and Ningbo Zhafir Plastics Machinery Co., Ltd. ("Ningbo Zhafir") qualified as HNTE in 2013. These entities were entitled to a reduced income tax rate of 15% for three years commencing from the first year when these entities were granted HNTE status. They are required to re-apply for preferential tax treatment after the current preferential tax periods expire.

The other major operating subsidiaries in Mainland China are subject to enterprise income tax rate of 25% for the year 2014 (2013: 25%).

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 2014 (2013: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year 2014 at the applicable rates of taxation prevailing in the countries in which the Group operates.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	2014	2013
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**1,305,016**	1,206,236
Weighted average number of ordinary shares in issue (thousands)	**1,596,000**	1,596,000
Basic EPS (RMB per share)	**0.82**	0.76

(b) **Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company issued convertible bonds in 2014. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company	**1,305,016**	–
Interest expense on convertible bonds	**21,500**	–
Change in fair value of convertible bonds	**4,346**	–
Profit used to determine diluted earnings per share	**1,330,862**	–
Weighted average number of ordinary shares in issue (thousands)	**1,596,000**	–
Adjustments for:		
– Assumed conversion of convertible bonds (thousands)	**56,046**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,652,046**	–
Diluted EPS (RMB per share)	**0.81**	–

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Interim dividend paid of HK16.0 cents (2013: HK15.0 cents) per ordinary share	**202,782**	190,478
Second interim dividend of HK18.0 cents (2013: HK16.0 cents) per ordinary share	**227,365**	202,273
	430,147	392,751

On 26 March 2015, the Company's Board of Directors has declared payment of a second interim dividend of HK18.0 cents per share for the year ended 31 December 2014. The second interim dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings in the year ending 31 December 2015.

9. CAPITAL EXPENDITURE

	2014	2013
	RMB'000	*RMB'000*
Land use rights	**74,496**	89,956
Property, plant and equipment	**403,983**	426,414
	478,479	516,370

10 OTHER RECEIVABLES – NON CURRENT

	2014	2013
	RMB'000	*RMB'000*
Loans to employees	**10,925**	16,691
Entrusted loans (i)	**500,000**	-
	510,925	16,691

Note:

(i) The entrusted loans of RMB300,000 thousand and RMB200,000 thousand were led to an independent third party through a bank in mainland China with maturity dates on 7 January 2017 and 27 January 2017 respectively. The interest rate of the both entrusted loans is to be the benchmark interest rate published by People's Bank of China.

11. TRADE AND BILLS RECEIVABLES

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 36 months. The ageing analysis of trade and bills receivables is as follows:

	2014	2013
	RMB'000	*RMB'000*
Up to 6 months	**1,926,194**	1,995,640
6 months to 1 year	**193,590**	165,965
1 year to 2 years	**108,900**	109,893
2 year to 3 years	**15,215**	42,485
Over 3 years	**22,246**	16,254
	2,266,145	2,330,237
Less: provision for impairment	**(48,733)**	(44,269)
	2,217,412	2,285,968

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are RMB denominated financial products with floating interests ranging from 4.7% to 9.9% (2013: 4.3% to 7.1%) per annum and with maturity dates between 5 days and 424 days (2013: between 6 days and 315 days). None of these assets is either past due or impaired (2013: None).

13. SHARE CAPITAL

	Authorised share capital		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 31 December 2013 and 2014 (shares with a par of HKD0.1 per share)	5,000,000	500,000	502,350

	Issued and fully paid		
	Number of shares	**Amount**	
	'000	*HKD'000*	*RMB'000*
As at 31 December 2013 and 2014 (shares with a par of HKD0.1 per share)	1,596,000	159,600	160,510

14. TRADE AND BILLS PAYABLES

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

	2014	2013
	RMB'000	*RMB'000*
Up to 6 months	**1,905,214**	1,892,841
6 months to 1 year	**138**	1,773
1 year to 2 years	**92**	685
Over 2 years	**1,064**	576
	1,906,508	1,895,875

15. CONVERTIBLE BONDS

On 13 February 2014, the Company issued convertible bonds due 2019 in an aggregate principal amount of US$200,000 thousand (equivalent to approximately RMB1,221,400 thousand). Interest of 2.00% per annum will be paid semi-annually. The convertible bonds may be converted into ordinary shares of the company, at the option of holder thereof, at any time after 26 March 2014 up to the close of business on the day falling seven days prior to 13 February 2019 (the "Maturity Date") (both days inclusive) or if such convertible bonds shall have been called for redemption before Maturity Date, then up to and including the close of business on a date no later than seven days prior to the date fixed for redemption thereof, at an initial conversion price (subject to adjustment) of HK$24.6740 per share.

Convertible bonds issued by the Company (including related embedded derivatives) are designated at fair value through profit or loss on initial recognition with issuing expense charge to the profit or loss accounts. At each end of the reporting period subsequent to initial recognition, the entire convertible bonds are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

None of convertible bonds were converted into ordinary shares of the Company during the period.

	As at 31 December 2014 *RMB'000*
At 1 January 2014	**–**
Issue of convertible bonds during the period	**1,221,400**
Change in fair value of convertible bonds	**4,346**
At 31 December 2014	**1,225,746**

The fair value of the convertible bonds as at 31 December 2014 is approximately US$200,318 thousand equivalent to approximately RMB1,225,746 thousand), which is determined by valuation techniques.

16. COMMITMENTS

(a) Capital commitments

	2014 *RMB'000*	2013 *RMB'000*
Acquisition of property, plant and equipment		
– Contracted but not provided for	**284,443**	256,214

(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:

	2014 *RMB'000*	2013 *RMB'000*
Not later than 1 year	**12,933**	14,493
Later than 1 year and no later than 5 years	**116**	–
	13,049	14,493

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

2014 was another challenging year for Chinese manufacturing industry. The slow down of growth in China GDP to 7.4%, the slowest growth rate in previous 24 years, and string of economic indicators including manufacturing PMI and export growth, all pointed to the concealed weakness in Chinese economy. Globally, significant depreciation of Yen and Euro as a result of respective quantitative easing measures favor our overseas competitors' pricing position. Ongoing political disputes and outbreak of different regional crisis around the world including ISIS activities and sanctions against Russia, which affect manufacturing activities in affected countries and regions, also brought challenges to our export businesses. In response to these challenges, our committed efforts in enhancing communication and interaction with our customers, product innovation that well addressed the market needs and enhanced operational and manufacturing efficiency enabled us to deliver a solid financial performance in 2014 and maintain our leadership in the plastic injection machine industry.

For year 2014, with strong performance of our Generation 2's machines, all-electic and two-plate PIMM and increasing market share in the international markets resulted from brand recognition, we continue to maintain a mild growth momentum and again set a new revenue record in our history for 2 consecutive years. We recorded revenue of RMB7,560.3 million in 2014, representing an increase of 5.0% compared to the revenue of RMB7,200.7 million in 2013.

In order to achieve a sustainable growth of business under complicated and ever-changing environment, we focus not only on quantitative revenue growth but also qualitative profit and efficiency. In the past few years, we have put plenty resources and efforts in improving our operational efficiency including implementation of Lean Manufacturing Process, providing training to different level of staff to increase their productivity and enhancing our IT system to better monitor inventory and manufacturing process. As a result, we continued to make remarkable achievements in operational efficiency and profitability. In 2014, our gross margin increased to 32.4% from 31.6% in 2013. The rise of gross margin was attributable to i) improved gross margin of Generation 2 PIMMs as a result of better production efficiency and cost position after one year of full scale production, ii) improvement in operational efficiency, benefiting from economic of scale and iii) relatively stable steel related raw material costs. As a result of the improved gross margin, our operating profit increased from RMB1,355.9 million in 2013 to RMB1,485.9 million in 2014, representing an increase of 9.6%.

In February 2014, we issued US dollar denominated 2.00 coupon convertible bonds due 2019 ("CB") in the amount of USD 200 million for general corporate use. The one-off issuing expense of CB amounted to RMB24.3 million and non-cash accounting expense of change in fair value of CB which amounted to RMB4.3 million were charged to the finance costs in 2014. Our net profit attributable to equity holders in 2014 increased to RMB1,305.0 million, representing an increase of 8.2% compared to 2013. If the issuing expense and change in fair value of CB are excluded, the adjusted net profit attributable to equity holders in 2014 would increase to RMB1,333.7 million, representing an increase of 10.6% compared to 2013.

The Board of Directors has declared a second interim dividend of HK$0.18 per share for the year ended 31 December 2014 (2013: HK$0.16), bringing the total dividend for 2014 to HK$0.34 per share (2013: HK$0.31).

Domestic and export sales

Domestic and export sales of the Group by geographic areas are summarized in the following table:

(RMB million)	**2014**	**%**	2013	%	**2014 Vs 2013**
Domestic Sales	**5,071.1**	**67.1%**	4,975.9	69.1%	**1.9%**
Export Sales	**2,331.4**	**30.8%**	2,061.3	28.6%	**13.1%**
Parts	**157.8**	**2.1%**	163.5	2.3%	**(3.5%)**
Total	**7,560.3**	**100%**	7,200.7	100.0%	**5.0%**

The domestic demand of PIMMs remained sluggish in 2014. With Chinese government's effort in economic reforms and structural adjustments and shifting focus from high GDP growth to sustainable development with higher quality and efficiency, investment sentiment and expansion plan in domestic markets were inevitably affected in the short term. The China HSBC manufacturing PMI kept struggling near its expansion/contraction benchmark of 50 throughout 2014, which reflected continuing slow-down in China's manufacturing sector. Leveraging on our brand reputation and excellent performance of our Generation 2 machines, we not only maintained high level sales activities in domestic market but also further reinforced our leading market position in China. We recorded domestic sale of RMB5,071.1 million in 2014, representing a mild increase of 1.9% compared to RMB4,975.9 million in 2013.

The global economy remains complicated and fast-changing. In 2014, we observed positive signs of the US recovery, but Europe and South America experienced different level of slow down in economy while Russia suffered from the impact of trade sanctions imposed. In the face of such complex and diversified features of different markets in the world, the benefits of our market diversification are evident from our export performance. Through our strategy of product innovation, strengthening export sales including developing new markets and enhancing the pre-sales and after-sales services, our export sales reached a new record of RMB2,331.4 million in 2014, representing a growth of 13.1% from 2013. The key drivers of growth were attributable to gaining market share in high-end PIMM consumption markets such as United States, Korea and Thailand where we recorded double digit growth, notwithstanding a mild offset by the decline in sales in Russian and South American markets.

Small and medium-to-large tonnage sales

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

(RMB million)	**2014**	*%*	2013	*%*	**2014 Vs 2013**
Small tonnage	**4,687.7**	**62.0%**	4,545.5	63.1%	**3.1%**
Medium-to-large tonnage	**2,714.8**	**35.9%**	2,491.7	34.6%	**9.0%**
Parts	**157.8**	**2.1%**	163.5	2.3%	**(3.5%)**
Total	**7,560.3**	**100%**	7,200.7	100%	**5.0%**

Despite the tough market environment, we still maintained a mild growth in our small and medium-to-large tonnage PIMM. The sales of small tonnage PIMMs increased to RMB4,687.7 million in 2014, representing an increase of 3.1% and the sales of medium-to-large tonnage PIMMs increased to RMB2,714.8 million in 2014, representing an increase of 9.0%. The growth was primarily driven by our relentless efforts in developing full-electric PIMMs for small tonnage PIMMs and two-plate PIMMs for medium-to-large PIMMs. In 2014, the sales of our Zhafir Venus Series (full-electric PIMMs) and our Jupiter Series (large two-plate PIMMs) increased to RMB521.7 million and RMB530.3 million, representing an increase of 22.4% and 38.8% respectively. During the year, the sales mix of full-electric PIMMs in small tonnage PIMM and that of two-plate PIMMs in medium-to-large tonnage PIMMs accounted for 11.1% (2013: 9.4%) and 19.5% (2013: 15.3%) respectively. The increase in the sales mix of full-electric PIMMs and two-plate PIMMs is the evidence of our long term commitment in product innovation.

Besides strong growth of our full-electric and two-plate PIMMs, we also make a remarkable progress in R&D. In order to capture the increase application of two-plate PIMMs, we have extended our two-plate PIMM product range by developing a model with smaller clamping force of 450 tonnes while at the same time raising the largest clamping force of two-plate PIMM to 6,600 tones, the largest in Asia. The JU6600 was evaluated by Ningbo Economic and Information Technology Commission as "the new product that has the energy-saving, environmental friendly, high precision and efficient features, the major specifications and overall performance meeting the international advanced level".

For full-electric PIMM, we launched a new series, Zeres. Zeres fills in the gap of conventional full-electric machines and extends the options for electric injection molding solutions. Zeres is a tremendously flexible machine based on electric technology and equipped with an integrated hydraulic unit. Zeres perfectly addresses the needs of some plastics processor and allows those customers who still operate moulds with hydraulic core pulls to benefit from advantages of electric machines such as high precision and easy maintenance etc. In 2014, we also started our R&D project in key computerized controls technology application in plastic injection moulding machines ("塑料注射成型裝備數控一代關鍵技術研究及應用示範"), which is partially funded by National Science and Technology Support Program "國家科技支撐計劃" to further enhance the technical performance of our Venus series full-electric and Mars series energy-saving PIMMs.

Our efforts in R&D and new product innovation are well reflected in our Haitian brand. In the "2014 China Brand Evaluation List" conducted by CCTV together with China National Institute of Standardization, China Association for Brand Construction Promotion, China Council for the Promotion of International Trade and China Appraisal Society, our Haitian Brand achieved a brand value of RMB5.83 billion and brand strength of 727, ranking the fourth in Chinese machinery manufacturing industry list, up from the eighth in 2013. We believed our long term committed efforts in R&D, innovation in management, technology and services enable us to gradually achieve the aims of shift from Made in China to Create in China, Chinese efficiency to Chinese quality and Chinese product to Chinese brand.

Future Prospect

The overall operating environment in China and the world will continue to be complicated and uncertain. Globally, depreciation of Yen and Euro would make our major overseas competitors' machines more flexible in pricing while political disputes and regional crisis create uncertainty in new investments in different markets. China's economic growth still faces downward pressure and structure adjustments will continue to be implemented.

Chinese government has set a lower GDP growth target of 7.0% for the coming year. The recent consecutive cuts in interest rate and reserve requirement ratio for banks are expected to lower the burdens on enterprises, tackle looming deflation risk and stabilise further cool-down of Chinese economy. With the aim of transforming Chinese economy steadily into a "new normal" era, Chinese central bank is expected to continue to implement a prudent monetary policy instead stimulating economic growth aggressively. Therefore we do not expect the domestic market and investment sentiment will have dramatic improvement nor there will be any significant deterioration in short term. At the same time, we are optimistic in long term economic development of China as we observed that Chinese domestic consumption had surpassed investment to become the strongest driving force of GDP growth. This points to that a new growth model has already started forming towards a "new normal" era of development. The increase in domestic consumption and China's ongoing modernization efforts will continue to drive the steady growth of PIMM's demand.

In the face of slowing down of Chinese economy growth under the "new normal" era, we set our 2015 target to maintaining sustainability of our business performance with steady growth. To meet this target, we will further enhance our competitive edge in technology innovation, brand reputation, product quality and service standards through continuous innovation in technology, management and services.

For technology innovation, we will continue to develop new products to bring to the customers concrete benefits exactly to the point with justified costs and add various versions of machines to meet the specific application requirement of customers. On the other hands, along the focus of energy-efficiency and upgrading the equipment with better efficiency and output quality in China, we expect the demand of full-electric and two-plate PIMMs will continue to rise and we will continue our strategy in further expanding the market share of our full-electric and two-plate PIMMs market.

For communication and interaction with customers, we have and will continue to set up and expand overseas assembly factories/service centers at important markets such as India and Germany to expand and increase the share of overseas market. With these overseas permanent establishments, we can actively, directly and efficiently communicate with overseas customers of their needs and further enhance our pre-sales and after-sales service quality.

For efficiency, our two new factories in Ningbo started partial operation in 2014. The new factories can raise our efficiency and product quality through modernization of the production process, further rationalize the production process planning and upgrading vertical production capabilities.

Leveraging on our prestigious brand, outstanding price-to-performance ratio, self-developed core technology, extensive distribution network, strong financial position, quality after-sales service and efficient production scale, we are confident to maintain our industry-leading position, deliver steady solid performance in 2015 and bring satisfactory returns to our shareholders.

Financial Review

Revenue

Benefiting from the successful launch of our Generation 2 of existing product lines and increasing market share in the international market resulted from recognition of our Haitian brand, revenue increased to RMB7,560.3 million, representing an increase of 5.0% compared to 2013. The increase was mainly attributable to the 13.1% increase of export sales to RMB2,331.4 million, being a new record of export sales compared to 2013. Although the tough business environment in domestic market, our domestic sales still recorded a mild growth of 1.9% to RMB5,071.1 million in 2014.

Gross Profit

In 2014, we recorded gross profit of approximately RMB2,452.7 million, representing an increase of 7.9% compared to 2013. Overall gross margin had increased from 31.6% in 2013 to 32.4% in 2014. The increase of gross margin is attributable to i) improved gross margin of Generation 2 PIMMs resulted from better production efficiency and cost position after one year of full scale production, ii) improvement in operational efficiency, benefiting from economic of scale, and iii) relatively stable steel related raw material costs.

Selling and administrative expenses

The selling and administrative expenses increase by 7.5% from RMB978.5 million in 2013 to RMB1,052.0 million in 2014. The increase of expense is roughly in line with sales which i) primarily due to the increase in sales commission expenses and transportation charges resulting from higher level of sales in 2014, ii) increase in administrative expense related to business expansion and implementation of Lean Manufacturing process to raise operational efficiency, and iii) increase in R&D for further production innovation.

Other income

Other income mainly consists of government subsidy and increased by 39.5% from RMB70.5 million in 2013 to RMB98.3 million in 2014.

Other losses – net

Other losses mainly consists of exchange losses from US dollars and Euro denominated receivables result from RMB fluctuation.

We have borrowed certain amounts of US dollars denominated loans/convertible bond to reduce the above exchange risk of US denominated export receivables. The respective exchange loss will be classified as the finance income-net in accordance with accounting requirements

Finance income – net

Finance income, net decreased by 6.9% from RMB114.4 million in 2013 to RMB106.5 million in 2014. The decrease is mainly attributable to i) an exchange gain of RMB32.3 million recorded from foreign currencies denominated loans/CB in 2013 whereas an exchange loss of 4.6 million in 2014 which reflected the fluctuation of RMB against US dollars during the year, ii) the one-off issuing expense of CB which amounted to RMB24.3 million, iii) the increase of interest expenses resulted from issuing of CB and substantially offset by iv) increase of interest income by 70.2% from RMB95.6 million in 2013 to RMB162,7 million in 2014 resulted from increase in average bank balances after issuing the CB and enhance efficiency in treasury Management.

Income tax expenses

Income tax expenses increased by 8.2% from RMB269.3 million in 2013 to RMB291.4 million in 2014 which was in line with our operating profit growth. Our effective tax rate was 18.3% in 2014 the same as that in 2013.

Net profit attributable to equity holders

As a result, our net profit attributable to equity holders in 2014 increased to RMB1,305.0 million, representing an increase of 8.2% compared to 2013. Excluding the issuing expense of CB and change in fair value of CB, the adjusted net profit attributable to equity holders for 2014 increased to RMB1,333.7 million, representing an increase of 10.6% compared to 2013.

Liquidity, Financial Resources, Borrowing and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 31 December 2014, the Group's total cash and cash equivalents and restricted cash amounted to RMB2,202.8 million and RMB152.8 million respectively (2013: RMB2,112.6 million and RMB130.2 million). The Group had no short-term bank borrowing as at 31 December 2014 (31 December 2013: RMB636.2 million). In February 2014, we issued US dollar denominated 2.00 coupon CB due 2019 of USD200 million for general corporate purposes. As at 31 December 2014, the convertible bonds balance amounted to RMB1,225.7 million which represented the market fair value of CB.

The Group also placed certain surplus fund into wealth management product which recorded as available-for-sale financial assets. The wealth management products with floating interests ranging from 4.7% to 9.9% (2013: 4.3% to 7.1%) per annum. As at 31 December 2014, the Group's available-for-sale financial assets amounted to RMB2,106.5 million. (2013: RMB1,469.3 million).

The gearing ratio is defined as total borrowings net of cash divided by shareholders' equity. As at 31 December 2014, our Group was in a strong financial position with a net cash position amounting to RMB1,129.9 million (2013: RMB1,606.7 million). Accordingly, no gearing ratio is presented.

Capital Expenditure

In 2014, our capital expenditure consisted of additions of property, plant and equipment and land use rights which amounted to RMB478.5 million (2013: RMB516.4 million).

Restricted Deposits

As at 31 December 2014, the bank deposits of RMB152.8 million (2013: RMB130.2 million) of our Group were restricted.

Charges on Group Assets

As at 31 December 2014, our Group had no pledge of assets.

Foreign Exchange Risk Management

During the Reported Period, our Group exported approximately 31.4% 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 used certain forward contracts means to reduce its foreign currency exposure. Our management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts.. Our Group purchased certain forward contracts or other means to reduce its foreign currency exposure. In addition, our Group borrowed US-dollar denominated bank loans/convertible bonds to hedge the exchange risk of US-dollar denominated receivables arising from export sales.

Financial guarantees

As at 31 December 2014, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB1,025.8 million (2013: RMB960.2 million).

Employees

As at 31 December 2014, our Group had a total workforce of approximately 5,100 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 2014 amounted to RMB632.2 million, representing a increase of 6.7% compared with RMB592.6 million in 2013.

Payment of second interim dividend

The Board has declared a second interim dividend for the year ended 31 December 2014 of HK$0.18 per share (2013: HK$0.16 per share), which, together with the interim dividend of HK$0.16 per share paid in September 2014 will constitute a total dividend of HK$0.34 per share (2013: HK$0.31 per share) for the full year.

The second interim dividend will be paid on or about 27 April 2015 in cash to shareholders whose names appear on the register of members at the close of business on 20 April 2015.

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held in Ningbo on 18 May 2015. Notice of the AGM will be issued and disseminated to shareholders in due course.

Closure of Register of Members

(a) *Entitlement to the Second Interim Dividend*

The registers of members of the Company for entitlement of second interim dividend will be closed from 16 April 2015 to 20 April 2015 (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 15 April 2015, for registration.

(b) *Entitlement to Attend and Vote at the AGM*

The registers of members of the Company to attend the AGM will be closed from 12 May 2015 to 18 May 2015 (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 11 May 2015, 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 (the "Model Code")as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")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 Reported 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, except for the deviation set out below, the Company complied with all the applicable code provisions in Corporate Governance Code in Appendix 14 of the Listing Rules for the year ended 31 December 2014.

One independent non-executive was unable to attend the annual general meeting of the Company held on 26 May 2014 due to other important engagement. This is not in compliance with the following Code Provisions:

Code Provision A.6.7: independent non-executive directors shall attend general meetings. Details of the implementation of the Company corporate governance practices will be set out in the corporate governance report in the annual report of the Company to be published in due course.

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 2014, 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 2014 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 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 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
Mr. Zhang Jingzhang
Chairman

Hong Kong, 26 March 2015

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 and Ms. Chen Ningning; the Non-executive Directors are Mr. Guo Mingguang and Mr. Liu Jianbo; and the Independent Non-executive Directors are Mr. Lou Baijun, Mr. Gao Xunxian, Dr. Steven Chow and Mr. Jin Hailiang.