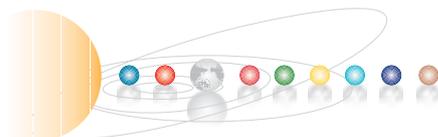


Advantage

Plastics News from Haitian International



We Create and Extend Advantage.



Vision accomplished, what's next?

We ask the management about new visions, strategies and road-maps



Quality is the basement

PIOLAX about the importance of all-electric machines




Technology to the Point

See the next Generation live at Chinaplas



HALL 4.1 J01

SEE US LIVE!

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Dear readers,

2012 has been another very successful year for Haitian International. Thanks to the ever increasing trust of our customers the dedicated work of our employees and all partners and suppliers and based on proven strategies; notwithstanding a rather difficult market environment in China and Europe causing some decrease in sales as compared to 2011 our company reached another outstanding result. Stock markets reacted accordingly and the actual share price of Haitian International at the main board of the Hong Kong Stock Exchange represents a company value of more than 2.7 Billion US\$, compared to around 800 Million US\$ in December 2006, when the shares were firstly placed.

The new year 2013 has started promising, and it looks like especially in China the market conditions are improving. The ongoing market introduction of our Second Generation machines Mars, Venus, Jupiter and Pluto is showing great interest to these new models and a very positive respond for customers, already operating the first machines. Besides the impressive sales success of our bestseller – the Mars Series have been actually sold more than 75,000 units worldwide since introduction of the Generation 1 of this machines back in 2007 – we observe an even increasing interest to the all-electric technology. As we already know, Japanese manufacturers of machines with this technology are leading the market since a long time, however, they are more

and more joined by leading European machine makers and. And at Haitian we are proud, that our Zhafir Brand is developing very impressive and paving its way to be a significant supplier of machines with the fully electric technology worldwide.

In 2013 we will have two large exhibitions, which are worldwide indicators for trends and markets in our industry – the upcoming Chinaplas, starting May 20th in Guangzhou and the K- show in Dusseldorf in October this year. Haitian and its brands will be well represented at this important exhibitions and as far as Chinaplas is concerned, this Advantage Magazine will tell more about our exhibits. We will also use the platform of Chinaplas to start discussion on our new vision "Leadership has many dimensions" with our customers, partners the investors and the press and we are planning to launch this new vision at K – Show later this year. This new vision is designed to direct the activities of our company in the coming years for a comprehensive and sustainable success. You may find some more details on this in the management interview in this magazine as well.

I am very much looking forward to meet with you at the next possible occasion,

Sincerely yours,
Prof. h.c. mult. Helmar Franz
Executive Director and Chief Strategy Officer



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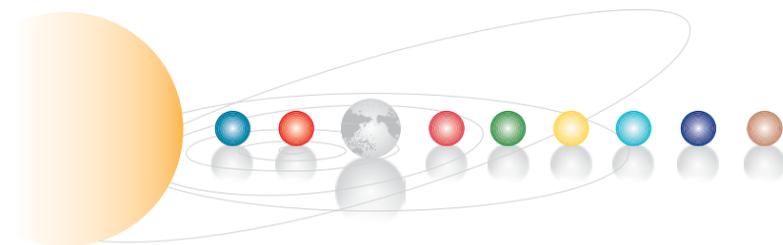
Generation 2 live at Chinaplas 2013

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We Create and Extend Advantage.





Vision accomplished, what's next?

We ask the management about new visions, strategies and roadmaps



Haitian International has maintained its leading position in the injection molding machine industry for the third consecutive year. And this despite of a drop in sales in 2012 of about 10%. Looking closer, the qualitative factors are clearly visible: An excellent large-machine-business, a higher average-unit-price due to the sales success of all-electric and servo-hydraulic machines. The Group has once again proved to be sustainably profitable in a difficult market environment and emerged as the clear winner of all Asian machine manufacturers. The new vision and future strategies of Haitian International we asked in a conversation with Mr. Zhang Jianming and Professor Helmar Franz.

It seems to be that Haitian International is still maintaining the pole-position in the market. In terms of numbers, turnover and as we can see also in terms of profitability and efficiency. What is your recipe for such success?

Mr. Zhang: Of course our success is predominantly a result of the trust of customers and processors in more than 130 countries and is based on our customer-oriented strategies throughout all processes in our company. R&D and innovation is the key factor and always follows a deep understanding of the developments in plastics processing at the customers site. I think our success is also attributed to our philosophy to develop machinery, which addresses the challenges, plastics processors facing or expected to face. This is why we have developed the servo-hydraulic Mars Series, which trough all ups and downs in the market where selling in growing numbers and since market introduction more than 75.000 Machines of this technology where delivered to customers and helped to face the significant Electricity and other resources costs.

On the other hand our Zhafir all-electric machines helped customers to face the challenge of the increase in the plastics materiel price by offering more precision, so to reduce weight and rejection rate and also more speed for shorter cycle times and

higher efficiency. The secret is – as we call it – to offer the technology to the point – just what is needed to make the part efficiently in high quality at an affordable price. Additionally to this we have to upgrade and improve our own manufacturing process as well on a continuous basis. We have developed a sophisticated Quality control and Quality management system, continuously train our employees, introduce lean manufacturing principles, improving our working capital management, in order to always have the most efficient manufactured machine at the highest quality standard available.

To be the worldwide No. 1 it would be for many companies the desired destination. How to overtop this? Any new challenges for the next years?

Mr. Zhang: Yes, of course - there are always new targets and challenges. Based on accomplishing our vision to be the largest plastics injection molding machine manufacturer in the world in terms of sales volume and sales value for a number of years

now, we have defined the next vision of the company. To be a leader is not by self-definition, it means you need to be recognized as such in the market – at the customers, suppliers, partners but also by the competitors and the financial markets. Leadership has to be proven every day and it has to be dynamic to be sustainable. Leadership is also a commitment and the whole team has to live it. So we came to the conclusion, that leadership has many dimensions – and this is our new vision. It is concentrated on 3 main directions - communication, innovation and efficiency.

Can you please describe this a little more in detail?

Prof. Franz: Yes – we believe these are the three dimensions for a sustainable leadership. We will evaluate all our potentials along these lines in the coming years to define targets and exploit opportunities. Communication is – different from information – not one sided, but includes active feedback, means creating platforms, where such feedback can be posted and will become part of an active exchange. Many

new communication tools will be used to facilitate this. Innovation has always been the key factor in our development, so this will be further enhanced and expanded from just the most efficient and resource saving machine technology to application driven standard “to the point” technology. And Efficiency is the source for our sustainable growth and profits, creating funds for our development satisfied customers and investors, partners, suppliers and employees. So we believe, to structure our work along those lines creates a sustainable leadership.

Means, the new vision is less a fixed indicator, but rather to shape the individual content of communication, innovation and efficiency?

Prof. Franz: Exactly – it means that we have to understand that sustainable leadership is the result of leading a kind of network of interlinked dynamic processes. It involves every process in the company and the interaction with our employees and partners, markets and customers, suppliers and investors. The targets in those

three dimensions, which I would call also “the triangle of success”, will be broken down to specific tasks for a certain period, but its accomplishment, creating new and enhanced standards, will encourage automatically to set new tasks. To be on the top of innovation means also “Technology to the point”; put the plastic part which needs to be manufactured more in the focus of an application driven and resource saving R&D. And at the end we have also to consider, that the ultimate goal for entrepreneurship is profit, so efficient internal processes at all levels, not only in manufacturing, but also in administration and sales and service are the guarantee to maintain leadership in these category and so to have enough funds to finance growth and development and also have satisfied and encouraged shareholders.

Continued on next page >>



“We will evaluate all our potentials to define targets and exploit opportunities.”

Professor Helmar Franz

“Leadership has to be proven every day and it has to be dynamic to be sustainable.”

Zhang Jianming

In China you are far and away the No. 1 and well recognized as an innovator. For local plastics processors it is a guarantee of quality and reliability to own a system from Haitian, Zhafir or Tianjian. Your brands has maintained its constant market and imageposition. Different in overseas markets. Over there the enthusiasm is still very restrained. How does the new strategy comes here into play?

Prof. Franz: This is correct and we are aware of this. Unfortunately the star of the Chinese machine tool and engineering industry in general is not yet shining so bright in all regions of the world, however this changes at an increasing speed. Look at currently more than 4 Million students in engineering in China and more than 500.000 engineers, entering the market every year. I can tell you from many discussions with young engineers, their target by now means is copying something existing; they are full of determination to invent and develop something new, they are ambitious to be innovative. In many regions of this world, especially in developing countries, „

Made in China“ already became a well-recognized trade mark. Everywhere, where importance is put on the simplest possible functionality of the plastics part, and this does not only apply in developing countries but also in high-tech applications, where technical plastics, like PEEK or PPS replace steel and other metals, our „technology to the point“ philosophy is the best offer. Of course it will need time and we understand this, it is essential, that new ideas and approaches not only be stipulated but prove themselves in reality. We have to provide for this time and of course we are prepared to support this with all our engineering and service power and so to create an atmosphere of trust for Chinese machinery. Encouraging results can be observed already, and so we can report about repeat orders, which we got from high-tech processors based in Japan for our all-electric machines. Would you believe this is possible some years ago? So the basis and the acceptance for our arguments and advantages is changing and we are clearly on our way to be a well recognized part of the competitive landscape.

To define a new strategy is one thing. But a further challenge is, to establish the mission and the milestones within the own (worldwide) team to create a consistant communication to the market. What kind of activities do you intend to plan? What are the next steps?

Mr. Zhang: As mentioned before this vision will work only if it will become an incremental part of everybody’s daily work. All future strategies, investments and new developments have to follow this guideline. So it is important for us in the remaining time of this year, with the final launch at the K-Show in Düsseldorf in October to get it to all employees and partners in strategy workshops and trainings. It also needs to be adopted to different topics in different regions of the world, so to really address the particularly valid topics. This and hopefully many discussions with customers, suppliers and investors is also thought to shape the vision and to make it even more comprehensive and accessible, so everybody can find his part to improve and benefit.

Thank you for the interesting conversation.

FINANCIAL HIGHLIGHTS

- Sustainable sales performance amid tough market conditions
- Improved gross profit margin and net profit margin in 2H 2012
- Upheld profitability
- Strong operating cash inflow and solid financial position
- Successful launch of new Machine Generation II

(RMB million)	FY2012
Sales	6,335.6
Gross Profit	1,907.3
Operating Profit	1,130.3
Profit before Income Tax	1,194.1
Profit Attribute to Equality Hoders	986.0
Closing Net Cash	2,261



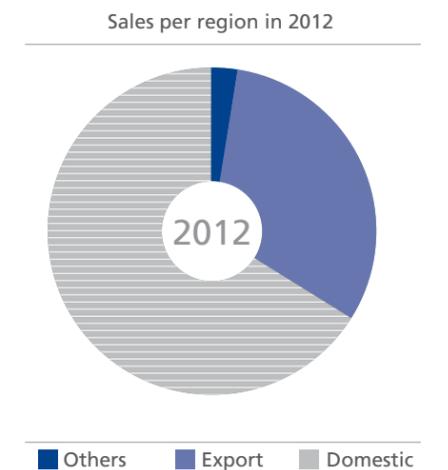
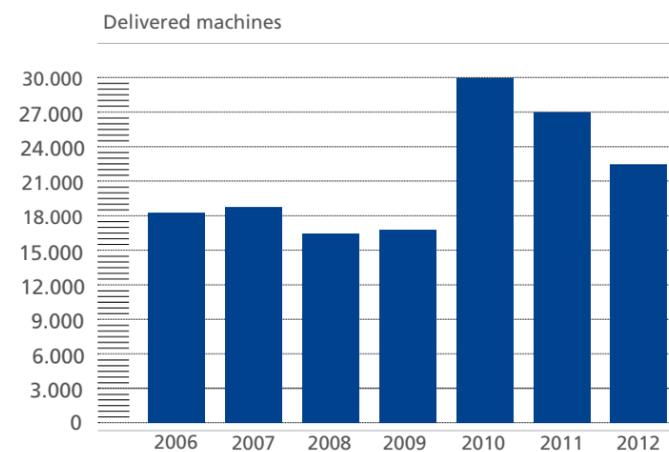
All-electric:
Zhafir Venus Series increased by 14.2%



Two-platen:
Haitian Jupiter Series increased by 10.8%



Multi-colour :
Haitian Iapetus Series increased by 42.8%



Advantage

DPI opts for Haitian

DPI in Geldrop is one of the most innovative injection moulding plants in the Netherlands. The plant supplies many of its products to its customers just-in-time in the assembly process. A reliable machine park and high production quality are therefore extremely important. Since 2009, DPI has been operating a Haitian machine and this year it has added another four Haitian injection moulding machines to its machine park, including a 1,300 ton unit. Paul Hulshof and Jeroen van Tol explain why they have opted for Haitian and Robotech.



DPI opts to produce buckets of about a meter in height on a Haitian Jupiter Series injection moulding machine. The Jupiter Series is the 2-platen solution by Haitian with an energy-efficient drive system and an extra-large opening stroke.

DPI manufactures a wide range of products: plastic parts for coffee machines and medical scanners, but also cable sleeves, bathroom accessories and children's safety systems, such as car seats.

"A wide product range means that we have to find the best possible balance between what our customers want and what machinery we require to produce them", explains Paul Hulshof, Managing Director. The injection moulding machine park

starts with a 20 ton machine and now extends up to 1,300 tons following the introduction of a "Haitian Jupiter" injection moulding machine. The entire machine park consists of 60 machines. "As an all-service production plant, we supply directly to our clients' assembly lines", Hulshof explains. One example is Dorel, the manufacturer of the Maxi-Cosi range of child safety systems.

DPI has set up an advanced automated production plant for Dorel in Helmond. DPI

produces and assembles parts here for the Maxi-Cosi range. In order to minimize production costs for the client, the production site is located right next to Dorel's final assembly process. This avoids transport costs and the need for temporary stocks during production. "A reliable injection moulding machine and delivery system is extremely important because we supply directly to the assembly process", Hulshof emphasizes. DPI keeps its machine park up-to-date. This is why, in 2009, the com-

DPI
it's not just plastics

Advantage



Paul Hulshof (l) and Jeroen van Tol (r) in front of the Haitian Mars machine in Helmond. DPI produces for Dorel Maxi-Cosi child safety systems.

pany explored the capabilities of injection moulding machine manufacturers on the European Asian market. Hulshof: "Haitian is one of the very few producers who offer a complete package that includes various different techniques, from hydraulic to all-electric machines. This is well-suited to our wide range of products. What's more, Haitian stood out by offering standard a drive system with a servo-driven pump. This means tremendous energy savings which, in turn, contribute to a competitive cost level for us as a producer. This is why we launched practical trials with Haitian and two other suppliers in 2009."

Energy consumption: very impressive

Technical Manager Jeroen van Tol, responsible for the machine park, adds: "We set very high standards in the field of repeatability, reliability and user-friendliness. We supply technical parts, so precision is always a key issue. In addition, we supply our products just-in-time, so down-times are out of the question. With the practical trials, we wanted to determine whether the Haitian machine could meet our standards and requirements." DPI tested a 200 ton Haitian Mars machine for a whole year, 24 hours a day, 7 days a week. In the same year, they also tested machines from other manufacturers, with exactly the same

moulds. "This gave us a good idea of what to expect with regard to energy consumption. The low energy consumption rate of the Haitian Mars Series was very impressive", confirms Van Tol from the test reports.

No additional investments

At the end of last year, on behalf of a new customer, DPI decided to invest in a 1,300 ton injection moulding machine with a very large mould opening stroke. The large opening stroke is needed to produce buckets of about a meter in height. The injection moulding company opted for the Haitian Jupiter series, the 2-platen solution by Haitian with an energy-efficient drive system. "One major advantage was that, despite the need for the large mould opening stroke, Haitian could supply a standard machine, which meant that no additional investments were needed for a customized machine", Hulshof and Van Tol are keen to point out. At the same time, DPI invested in three Haitian Mars machines within the 200-380 ton range.

A customized product range

Injection moulding companies throughout Europe want more options on their machines than clients in Asia. For several

years now, Haitian has met those needs with its customized product range. Van Tol: "Compared to a few years ago, Haitian has made tremendous progress in the field of machine supplies. This is why we could fully equip the machines accord-

"Opting for Haitian was a clear, deliberate choice."

Paul Hulshof,
Managing Director of DPI

ing to the requirements of DPI. In other words: cooling-water connections directly on the clamping tables with customized couplings, various electrical connections on the machine and a specific hole pattern in the clamping tables. But also freely programmable shut-off valves gates and programmable I/O. Also, the new comprehensive control system now seamlessly meets the production requirements with a freely-programmable machine sequence, a quality control package and adjustable units for process data."

DPI, with more than a hundred permanent employees and eighty employees on contract for packaging and assembly work, is one of the largest and most innovative injection moulding companies in the Netherlands. Hulshof: "We're continually exploring new technologies for enhancing and optimizing our existing technology. By investing in innovation we remain an attractive manufacturer for the European market and so can continue to manufacture products in Europe."

Excellent working relationship

Paul Hulshof concludes: "Opting for Haitian was a clear, deliberate choice. Haitian has set up a very good organization in Europe, and also in the Netherlands since last year, with sales and service partner Robotech. Suppliers with whom we have a good connection and an excellent working relationship are key to our ongoing commitment to innovation. Our main objective is a satisfied customer, now and in the future."

Advantage

“Quality is the basement”

About the importance of all-electric machines, in view of the increasing cost pressure in the plastics processing industry. A conversation with Mr Cui Haibing, deputy chief of the Engineering Department of Dongguan PIOLAX Co. Ltd. PC



Mr. Cui Haibing, Piolax's customers are car manufacturers. How do you assess the development of the automobile sector in China and the prospects for plastics parts suppliers such as Piolax?

The automobile industry in China continues to be a strongly growing market, and I think that it will remain so for the next ten years. In general, supply and demand will be relatively counterbalanced. Later, growth will abate because of restrictive factors such as the level of vehicle ownership, the situation with traffic or government policy, etc. Then we will adjust to the country's general level of development.

Everyone knows that the car manufacturers are calling their suppliers to reduce costs. How do you deal with that?

This is true. On the one hand, year after year, our customers demand that we reduce unit costs. On the other hand, the prices for raw materials and wage costs are increasing constantly. So we have to reduce production costs in order to withstand the dual pressure and be able to present the required price reductions.

How do you achieve that, what do you do specifically?

We see the optimisation of our own resources as one of the key factors. For example, we investigate the value creation of our staff and engineers, and work continuously on optimisation measures. However, product quality has absolute priority in this. This has to be ensured, no matter what we do. Quality is the basement of any manufacturer.

As far as we know, most of your competitors in the car industry do their manufacturing using traditional hydraulic machines. By contrast, Dongguan Piolax prefers all-electrical solutions.

As I said, we have committed ourselves to an excellent quality product. Without any compromise. For example, we manufacture clips and fasteners just as our competitors do, but we are able to say that we have a rejection rate of less than 0.0001%.

And a complaints rate of practically zero...

Not only that. We believe that all-electrical machines yield a much better performance than traditionally hydraulic machines, in terms of precision and efficiency, and of course in matters of energy savings. Therefore, after careful consideration and holistic

Advantage



PIOLAX

PIOLAX GLOBAL HEAD OFFICE, JAPAN

Piolax Inc., with headquarters in Iwai-cho, Hodogaya-ku, Yokohama-shi, Kanagawa, has been manufacturing and marketing plastic products and parts since 1939. The company has 9 subsidiaries in Europe, America and Asia, one of which is Dongguan Piolax in China.

www.piolax.co.jp

DONGGUAN PIOLAX CO. LTD. PC, CHINA

The plant in Dongguan City, Guangdong/China, was founded in 2003 and is a 100% subsidiary of Piolax Inc. Here, injection-moulded plastic latches and assemblies are manufactured for Japanese car manufacturers such as Toyota, Honda, Nissan, etc. Production is exclusively with all-electrical injection-moulding machines; currently there are about 100 units.

comparison testing, we decided in favour of all-electrical technology.

...And then immediately ordered the Venus Series?

First just a test machine, this was still in 2008. This test machine is now still working perfectly. Two years later we then climbed on board, large-scale, with the Venus Series.

What major requirements do you stipulate for a injection molding? What is important to you?

From an injection molding system we expect stability, repeat accuracy and precision. This directly influences the level of quality of our products. Production efficiency is also very important – unit costs are always an issue. Zhafir's all-electrical injection molding machines have met these demands, fully and completely.

And do conditions play just a minor role?

No, definitely not. The overall range of performance and the price structure have to be right, this is quite clear, in the procurement phase as well as later. Our demands are high in this respect too. And compared with the competition, not only does Zhafir offer a really attractive price-performance ratio but relatively low operating and maintenance costs in production.

That would bring us to service. How satisfied are you with Zhafir?

Zhafir offers clear advantages in this respect as well, just because it is manufactured in China. Quick reaction times are always a plus in customer service.

Nevertheless, last year you performed a comparison test between the Venus Series and other machines. How did that come about?

We wanted to have machines of high capacity designed quite specifically for a particular product portfolio. So we had asked for



support from the responsible engineers at our machine suppliers – among them Zhafir and another injection molding supplier as well. It was a matter of testing different makers under equal conditions, with the same specifications, tools and data, and the same output.

That sounds like a mass start at a marathon.

It was more like a process of elimination. We compared two machines each time in terms of stability, energy, consumption and operating costs. In the end, it turned out that the Venus Series served our purposes best. Once again.

Once again? How many Venus machines do you have in Dongguan City then?

So far, there are 45, but it won't stay that way for very long. We are already making specific plans for our new plant in Wuhan...



TECHNOLOGY TO THE POINT AT CHINAPLAS 2013

Made in Germany

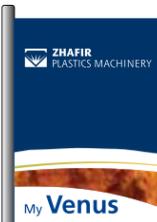
Zhafir **Venus**² Series

HALL 4.1 J01
**LIVE at
Chinaplas**
20 - 26 May

- Optimized 5-point toggle system for more precision and dynamic
- Modularized injection units in different performance levels per clamping unit available.
- New quick ejector coupling structure for shorter set up times.
- Latest control technology from Sigmatek
- Extended standard for a broader range of applications.
- Overall improvement of the rigidity
- Energy saving up to 70% compared to a standard hydraulic machine

Zhafir **Mercury** Series

- Innovative machine design for high precision and optimal tolerances
- Four sheets design for 70% more mold space
- Decentralized servo-drive technology for high efficiency
- Separation of injection and plastification for extraordinary high melt quality, more injection volume, new materials, complex mold designs
- High efficient energy management incl. energy recovery system for braking energy



VE 5500 II

The new 5500 kN clamping force of Venus II Series runs with a laptop cover.

Material: HIPS
Cavity: 1
Cycle time: 35-40s



400 kN

5,500 kN



ME 1000

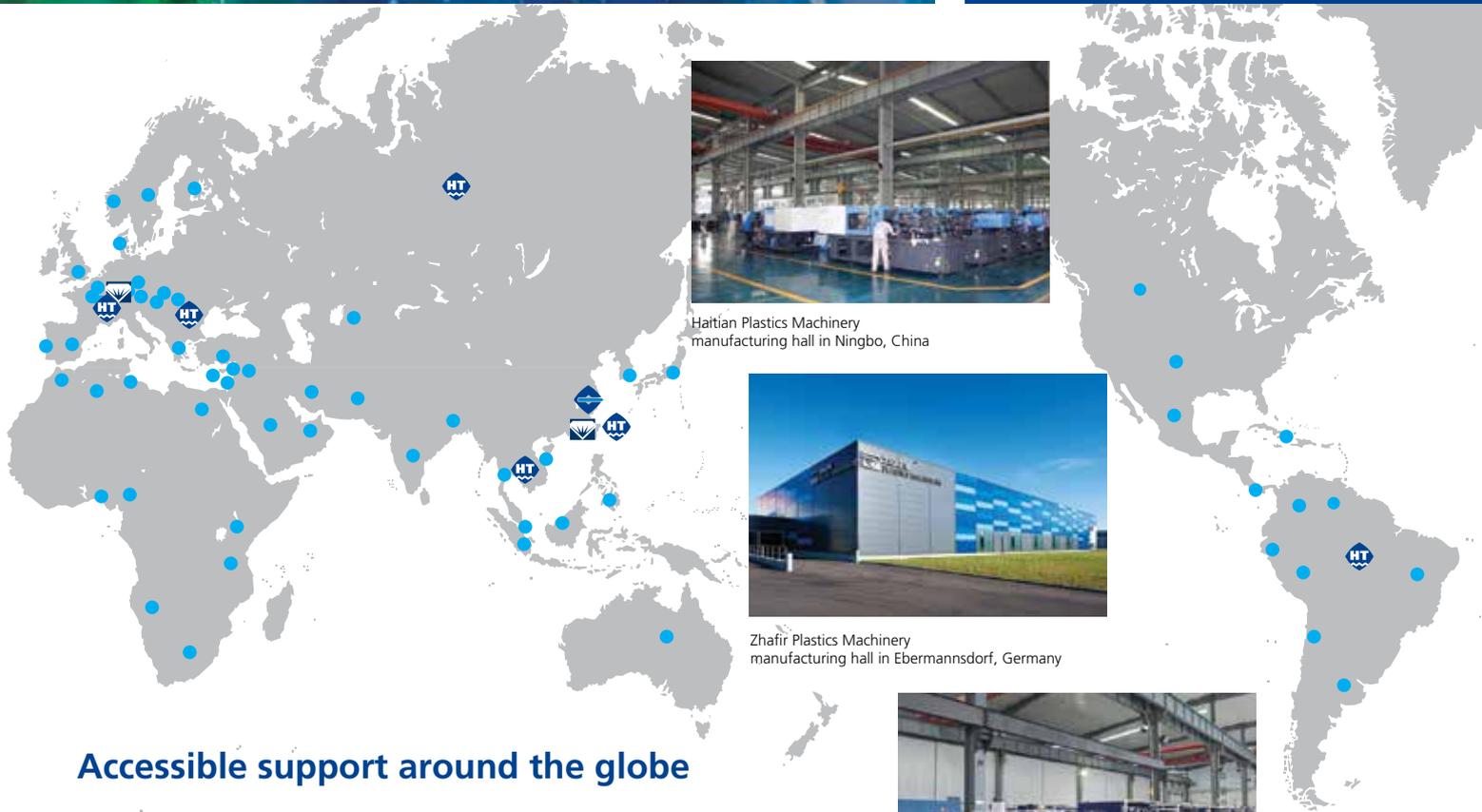
The innovative Mercury Series is running with a medical part.

Material: PP231
Cavity: 32
Cycle time: 8s



550 kN

5,000 kN



Accessible support around the globe

We look after more than 30,000 customers worldwide, with over 60 distribution centres serving more than 80 countries and regions. Through the permanent availability of services and spare parts, we create crucial competitive advantages for all our customers worldwide.

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