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 2018

HIGHLIGHTS

	2018 *RMB' million*	2017 *RMB' million*	Change %
Revenue	**10,851.2**	10,186.1	6.5
Gross profit	**3,426.3**	3,596.8	–4.7
Operating profit	**2,237.4**	2,372.9	–5.7
Profit attributable to shareholders of the Company excluding change in fair value of convertible bonds resulted from bond value change	**1,813.0**	2,101.3	–13.7
Profit attributable to shareholders of the Company	**1,916.9**	2,005.4	–4.4
Basic Earnings per share (expressed in RMB per share)	**1.20**	1.26	–4.4
Dividend per share (expressed in HK$ per share)			
Second interim dividend	**0.19**	0.27	–29.6
Full year dividend (including interim dividend)	**0.44**	0.52	–15.4

- Despite the uncertainties in both domestic and global economic and political environment, we still managed to achieve a record high revenue of RMB10,851.2 million in 2018, representing an increase of 6.5% compared to the period in 2017.

- Our strategic focus on small-tonnage full-electric machines and large-tonnage two-platen machines continued to deliver outstanding results. In 2018, the sales of our Zhafir electrical series PIMMs and Jupiter series large-tonnage two-platen PIMMs increased to RMB1,514.1 million and RMB1,500.4 million, representing an increase of 49.8% and 13.4% compared to the results in 2017 respectively.

- Gross profit margin dropped to 31.6% mainly as a result of the increase in raw material prices since the end of 2017 (2017:35.3%).

- Profit attributable to shareholders of the Company decreased 4.4% to RMB1,916.9 million compared to the results in 2017. Excluding the non-cash accounting gain of change in fair value of CB, profit attributable to shareholders of the Company would be RMB1,813.0 million, representing a decrease of 13.7% compared to the results in 2017.

- Earnings per share amounted to RMB1.20 per share during the year.

- The Board declared a second interim dividend of HK$0.19 per share and which, together with the interim dividend of HK$0.25 per share, constitute a total dividend of HK$0.44 per share (2017: HK$0.52 per share).

The board (the "Board") of directors (the "Directors") 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 2018 with comparative figures for the year ended 31 December 2017. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2018
(Amounts expressed in RMB)

	Note	**2018** *RMB'000*	2017 *RMB'000*
Revenue	*2*	**10,851,245**	10,186,066
Cost of sales		**(7,424,960)**	(6,589,259)
Gross profit		**3,426,285**	3,596,807
Selling and marketing expenses		**(811,495)**	(813,986)
General and administrative expenses		**(694,300)**	(511,263)
Other income		**145,447**	127,109
Other gains/(losses) – net	*3*	**171,496**	(25,778)
Operating profit	*4*	**2,237,433**	2,372,889
Finance income		**165,267**	229,628
Finance costs		**(42,434)**	(139,616)
Finance income – net	*5*	**122,833**	90,012
Share of profit of an associate		**2,147**	4,640
Profit before income tax		**2,362,413**	2,467,541
Income tax expense	*6*	**(446,181)**	(462,241)
Profit for the year		**1,916,232**	2,005,300
Profit attributable to:			
Shareholders of the Company		**1,916,883**	2,005,394
Non-controlling interests		**(651)**	(94)
		1,916,232	2,005,300
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)			
– basic	*7*	**1.20**	1.26
– diluted	*7*	**1.20**	1.26
Dividends	*8*	**613,491**	688,469

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2018
(Amounts expressed in RMB)

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**1,916,232**	2,005,300
Other comprehensive income:		
Items that maybe reclassified to profit or loss		
Change in value of available-for-sale financial assets	**–**	63,224
Currency translation differences	**145,361**	(2,102)
Total comprehensive income for the year	**2,061,593**	2,066,422
Total comprehensive income attributable to:		
Shareholders of the Company	**2,062,207**	2,066,532
Non-controlling interests	**(614)**	(110)
	2,061,593	2,066,422

CONSOLIDATED BALANCE SHEET
As at 31 December 2018
(Amounts expressed in RMB)

	Note	2018 RMB'000	2017 RMB'000
ASSETS			
Non-current assets			
Land use rights	9	**487,485**	361,794
Property, plant and equipment	9	**3,552,607**	3,287,040
Investment in an associate		**–**	16,744
Intangible assets		**56,462**	–
Deferred income tax assets		**120,113**	88,070
Other financial assets at amortised cost		**8,838**	–
Other receivables		**–**	13,045
Trade and bills receivable	10	**117,152**	160,599
Term deposits		**50,000**	100,000
		4,392,657	4,027,292
Current assets			
Inventories		**2,708,011**	2,771,531
Trade and bills receivable	10	**2,950,611**	3,252,825
Other financial assets at amortised cost		**88,432**	–
Prepayments and other assets		**181,883**	–
Prepayments, deposits and other receivables		**–**	242,393
Prepaid income tax		**6,708**	692
Financial assets at fair value through profit or loss	11	**4,349,616**	–
Available-for-sale financial assets	11	**–**	4,779,309
Restricted bank deposits		**244,990**	190,613
Term deposits		**100,000**	–
Cash and cash equivalents		**3,769,637**	3,029,252
		14,399,888	14,266,615
Total assets		**18,792,545**	18,293,907
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	12	**160,510**	160,510
Share premium		**1,331,913**	1,331,913
Other reserves		**1,526,670**	1,129,513
Retained earnings		**8,901,433**	7,938,917
		11,920,526	10,560,853
Non-controlling interests		**6,586**	500
Total equity		**11,927,112**	10,561,353

CONSOLIDATED BALANCE SHEET (*Continued*)
As at 31 December 2018
(Amounts expressed in RMB)

	Note	**2018** *RMB'000*	2017 *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income		**30,286**	9,987
Deferred income tax liabilities		**192,314**	267,695
Convertible bonds	*14*	**–**	915,591
		222,600	1,193,273
Current liabilities			
Trade and bills payable	*13*	**2,669,190**	3,368,057
Accruals and other payables		**1,046,344**	1,840,435
Contract liabilities		**756,807**	–
Current income tax liabilities		**308,327**	158,767
Bank borrowings		**1,009,397**	1,172,022
Convertible bonds	*14*	**852,768**	–
		6,642,833	6,539,281
Total liabilities		**6,865,433**	7,732,554
Total equity and liabilities		**18,792,545**	18,293,907

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2018
(Amounts expressed in RMB)

		Attributable to shareholders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017		160,510	1,331,913	904,915	6,721,130	9,118,468	610	9,119,078
Comprehensive income								
Profit for the year		–	–	–	2,005,394	2,005,394	(94)	2,005,300
Other comprehensive income								
Change in value of available-for-sale financial assets		–	–	63,224	–	63,224	–	63,224
Currency translation differences		–	–	(2,086)	–	(2,086)	(16)	(2,102)
Total comprehensive income for the year ended 31 December 2017		–	–	61,138	2,005,394	2,066,532	(110)	2,066,422
Transactions with owners								
Dividend paid								
–2016 second interim		–	–	–	(283,900)	(283,900)	–	(283,900)
–2017 interim	8	–	–	–	(340,247)	(340,247)	–	(340,247)
Appropriations		–	–	163,460	(163,460)	–	–	–
Total transactions with owners		–	–	163,460	(787,607)	(624,147)	–	(624,147)
Balance at 31 December 2017		160,510	1,331,913	1,129,513	7,938,917	10,560,853	500	10,561,353
Balance at 1 January 2018		**160,510**	**1,331,913**	**1,129,513**	**7,938,917**	**10,560,853**	**500**	**10,561,353**
Change in accounting policy		**–**	**–**	**(124,308)**	**124,308**	**–**	**–**	**–**
Restated total equity at 1 January 2018		**160,510**	**1,331,913**	**1,005,205**	**8,063,225**	**10,560,853**	**500**	**10,561,353**
Comprehensive income								
Profit for the year		**–**	**–**	**–**	**1,916,883**	**1,916,883**	**(651)**	**1,916,232**
Other comprehensive income								
Currency translation differences		**–**	**–**	**145,324**	**–**	**145,324**	**37**	**145,361**
Total comprehensive income for the year ended 31 December 2018		**–**	**–**	**145,324**	**1,916,883**	**2,062,207**	**(614)**	**2,061,593**
Transactions with owners								
Dividend paid								
–2017 second interim	8	**–**	**–**	**–**	**(348,222)**	**(348,222)**	**–**	**(348,222)**
–2018 interim	8	**–**	**–**	**–**	**(354,312)**	**(354,312)**	**–**	**(354,312)**
Appropriations		**–**	**–**	**376,141**	**(376,141)**	**–**	**–**	**–**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**6,700**	**6,700**
Total transactions with owners		**–**	**–**	**376,141**	**(1,078,675)**	**(702,534)**	**6,700**	**(695,834)**
Balance at 31 December 2018		**160,510**	**1,331,913**	**1,526,670**	**8,901,433**	**11,920,526**	**6,586**	**11,927,112**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2018
(Amounts expressed in RMB)

	2018	2017
	RMB'000	*RMB'000*
Net cash generated from operating activities	**1,548,283**	1,797,692
Net cash generated from/(used in) investing activities	**45,738**	(1,361,953)
Net cash used in financing activities	**(853,636)**	(670,380)
Net increase/(decrease) in cash and cash equivalents	**740,385**	(234,641)
Cash and cash equivalents at beginning of year	**3,029,252**	3,263,893
Cash and cash equivalents at end of year	**3,769,637**	3,029,252

Notes:

1. **BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (Financial assets at FVPL) and convertible bonds which are carried at fair value. 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.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2018. The impact of adopting following standards are disclosed in note (d) below.

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Annual Improvements 2014-2016 cycle
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

(b) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2018 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- Classification and Measurement of Share-based Payment Transactions – Amendments to HKFRS 2
- Transfers to Investment Property – Amendments to HKAS 40

(c) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB3,168 thousand of which approximately RMB2,496 thousand relate to short-term leases that will be recognised on a straight-line basis as expense in profit or loss. The Group's activities as a lessee or a lessor are not material and hence the Group does not expect any significant impact on the financial statement. However, some additional disclosures will be required from next year.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply simplified transition approach, and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(d) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

	31 December 2017 As originally presented *RMB'000*	**HKFRS 9** *RMB'000*	**HKFRS 15** *RMB'000*	**1 January 2018** Restated *RMB'000*
ASSETS				
Non-current assets	**4,027,292**	**–**	**–**	**4,027,292**
Land use rights	361,794	–	–	361,794
Property, plant and equipment	3,287,040	–	–	3,287,040
Investment in an associate	16,744	–	–	16,744
Deferred income tax assets	88,070	–	–	88,070
Other financial assets at amortised cost	–	13,045	–	13,045
Other receivables	13,045	(13,045)	–	–
Trade and bills receivables	160,599	–	–	160,599
Term deposits	100,000	–	–	100,000
Current assets	**14,226,615**	**–**	**–**	**14,226,615**
Inventories	2,771,531	–	–	2,771,531
Trade and bills receivables	3,252,825	–	–	3,252,825
Prepayments, deposits and other receivables	242,393	(242,393)	–	–
Prepayments and other assets	–	156,049	–	156,049
Other financial assets at amortised cost	–	86,344	–	86,344
Prepaid income tax	692	–	–	692
Available for sales financial assets	4,779,309	(4,779,309)	–	–
Financial assets at fair value through profit or loss	–	4,779,309	–	4,779,309
Restricted cash	190,613	–	–	190,613
Cash and cash equivalents	3,029,252	–	–	3,029,252
Total assets	**18,293,907**	**–**	**–**	**18,293,907**

	31 December 2017 As originally presented	HKFRS 9	HKFRS 15	1 January 2018 Restated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities	**1,193,273**	**–**	**–**	**1,193,273**
Deferred income	9,987	–	–	9,987
Deferred income tax liabilities	267,695	–	–	267,695
Convertible bonds	915,591	–	–	915,591
Current liabilities	**6,539,281**	**–**	**–**	**6,539,281**
Trade and bills liabilities	3,368,057	–	–	3,368,057
Accruals and other payables	1,840,435	–	(861,909)	978,526
Contract liabilities	–	–	861,909	861,909
Current income tax liabilities	158,767	–	–	158,767
Bank borrowings	1,172,022	–	–	1,172,022
Total liabilities	**7,732,554**	**–**	**–**	**7,732,554**
Net assets	**10,561,353**	**–**	**–**	**10,561,353**
EQUITY				
Share capital	160,510	–	–	160,510
Share premium	1,331,913	–	–	1,331,913
Other reserves	1,129,513	(124,308)	–	1,005,205
Retained earnings	7,938,917	124,308	–	8,063,225
Non-controlling interests	500	–	–	500
Total equity	**10,561,353**	**–**	**–**	**10,561,353**

(i) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group's financial liabilities that are designated at fair value through profit or loss are convertible bonds. There are no significant impact on the Group's accounting for financial liabilities.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9(7.2.15), the Group chooses not to restate the accounting of prior reporting periods. As a consequence, the Group recognised the difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening retained earnings.

i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	HKAS 39 carrying amount 31 December 2017	Reclassification	HKFRS 9 carrying amount 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale financial assets	4,779,309	(4,779,309)	–
Financial assets at FVPL	–	4,779,309	4,779,309
Prepayments, deposits and other receivables	242,393	(242,393)	–
Other financial assets at amortised cost – current	–	86,344	86,344
Prepayments and other assets	–	156,049	156,049
Other receivables	13,045	(13,045)	–
Other financial assets at amortised cost – non-current	–	13,045	13,045

The impact of these changes on the Group's equity is as follows:

	HKAS 39 carrying amount 31 December 2017	Reclassification	HKFRS 9 carrying amount 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Retained earnings	7,938,917	124,308	8,063,225
Other comprehensive income – change in value of available-for-sale financial assets	1,129,513	(124,308)	1,005,205

(a) Reclassification from available-for-sale to financial assets at FVPL

Certain wealth management products were reclassified from available-for-sale financial assets to financial assets at FVPL (RMB4,779,309 thousand as at 1 January 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

Related fair value gains of RMB124,308 thousand were transferred from the other comprehensive income to retained earnings on 1 January 2018.

ii) Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables for sales of inventory
- financial assets at amortised cost, and
- Financial guarantee contract.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets, and the Group revised its impairment methodology under HKFRS 9 for these financial assets.

Based on the assessments undertaken, the Group does not identify any material change to the loss allowance for these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(ii) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers since 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated. Following adjustment were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

	HKAS 18 carrying amount 31 December 2017	**Reclassification**	**HKFRS 15 carrying amount 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	–	861,909	861,909
Accurals and other payables	1,840,435	(861,909)	978,526

The Group's obligations to provide a refund for faulty products are under the standard warranty terms. Accumulated experience is used to estimate such returns at the time of sale. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no refund liability for goods return was recognised. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. As a result, no accounting impact for refunds while applying HKFRS 15.

The Group didn't introduce any customer loyalty programme which is likely to be affected by the HKFRS 15.

The Group have certain contracts, where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group has accessed the amount of financing component within the contract price which is immaterial to the financial statements.

No additional cost occurs to fulfil the contract was identified.

Contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier), if customers pay consideration, or have a right to an amount of consideration that is unconditional, before the Group transfers goods or service to the customer.

As a result, other than certain reclassifications of contract liabilities, the adoption of HKFRS 15 did not result in any impact to the financial statements as the timing of revenue recognition on sales of products is not changed.

2. REVENUE AND SEGMENT INFORMATION

	2018	2017
	RMB'000	*RMB'000*
Sales of plastic injection moulding machines and related products	**10,851,245**	10,186,066

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:

	2018	2017
	RMB'000	*RMB'000*
Mainland China	**7,499,857**	7,134,943
Hong Kong and overseas countries	**3,351,388**	3,051,123
	10,851,245	10,186,066

The total of non-current assets other than term deposits, trade and bills receivables, other financial assets at amortised cost and deferred income tax assets located in different countries is as follows:

	2018	2017
	RMB'000	*RMB'000*
Total non-current assets other than term deposits, trade and bills receivables, other financial assets at amortised cost and deferred income tax assets		
– Mainland China	**3,564,847**	3,134,925
– Hong Kong and overseas countries	**531,707**	530,653
	4,096,554	3,665,578

3. OTHER GAINS/(LOSSES) – NET

	2018	2017
	RMB'000	*RMB'000*
Interest income on financial assets at FVPL	**225,524**	–
Investment income from business combination	**21,997**	–
Net foreign exchange losses	**(83,721)**	(39,746)
(Losses)/gains on disposals of property, plant and equipment and land use rights, net	**(1,162)**	11,300
Others	**8,858**	2,668
	171,496	(25,778)

4. OPERATING PROFIT

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

	2018	2017
	RMB'000	*RMB'000*
Depreciation and amortisation	**268,095**	215,767
Raw materials and consumables used	**6,465,866**	6,455,650
Changes in inventories of finished goods and work in progress	**(7,380)**	(692,005)
Operating lease for buildings	**10,413**	9,190
Sales commission and after-sales service expenses	**507,042**	542,794
Provision for/(Reversal of) impairment of trade receivables	**27,361**	(4,706)
Provision for/(Reversal of) write-down of inventories	**17,620**	(32,762)
Employment costs (i)	**954,964**	873,100

(i) For the year ended 31 December 2018, the employment costs related to the research and development activities were RMB141,190 thousand (2017: RMB111,751 thousand).

5. FINANCE INCOME/COSTS

	2018	2017
	RMB'000	*RMB'000*
Finance costs:		
Change in fair value of convertible bonds		
– resulted from change in exchange rate	**–**	55,216
– resulted from change in bond value	**–**	(95,885)
Interest expense	**(42,434)**	(42,435)
Net foreign exchange losses	**–**	(56,512)
	(42,434)	(139,616)
Finance income:		
Change in fair value of convertible bonds		
– resulted from change in exchange rate	**(41,043)**	–
– resulted from change in bond value	**103,866**	–
Net foreign exchange gains	**22,700**	–
Interest income on restricted bank deposits, term deposits and cash and cash equivalents	**66,275**	39,659
Interest income on wealth management products	**–**	188,638
Interest income on entrusted loans	**13,469**	1,331
	165,267	229,628
Finance income, net	**122,833**	90,012

6. INCOME TAX EXPENSE

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

	2018	2017
	RMB'000	*RMB'000*
Current income tax		
– Mainland China enterprise income tax	**343,488**	380,266
– Overseas income tax	**37,047**	17,781
Deferred taxation	**65,646**	64,194
	446,181	462,241

Wuxi Haitian Machinery Co., Ltd. ("Wuxi Haitian") renewed its status as a High and New Technology Enterprise ("HNTE") in 2018. Haitian Plastic Machinery Group Limited ("Haitian Plastic Machinery") renewed its HNTE status in 2017, Ningbo Zhafir Plastic Machinery Co., Ltd. ("Ningbo Zhafir") renewed its HNTE status in 2016, and Zhejiang Keqiang Intelligence Control System Co., Ltd ("Zhejiang Keqiang") renewed its HNTE status in 2016. 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 the HNTE status. They are required to re-apply for preferential tax treatment after the current preferential tax periods expire.

Other major operating subsidiaries of the Group in Mainland China are subject to enterprise income tax rate of 25% for the year 2018 (2017: 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 2018 (2017: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year 2018 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.

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**1,916,883**	2,005,394
Weighted average number of ordinary shares in issue (thousands)	**1,596,000**	1,596,000
Basic EPS (RMB per share)	**1.20**	1.26

(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 remaining 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. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the convertible bonds.

For the year ended 31 December 2018, the diluted earnings per share amounted to RMB1.20 (2017: RMB1.26).

8. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Interim dividend paid of HK25.0 cents (2017: HK25.0 cents) per ordinary share	**354,312**	340,247
Second interim dividend of HK19.0 cents (2017: HK27.0 cents) per ordinary share	**259,179**	348,222
	613,491	688,469

On 18 March 2019, the Board has declared payment of a second interim dividend of HK19.0 cents per share for the year ended 31 December 2018 (2017: HK27.0 cents per share). 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 for the year ending 31 December 2019.

9. CAPITAL EXPENDITURE

	2018	2017
	RMB'000	*RMB'000*
Property, plant and equipment	**492,794**	796,926
Land use right	**135,419**	–
	628,213	796,926

10. TRADE AND BILLS RECEIVABLE

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 receivable based on invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
Up to 6 months	**2,506,970**	2,863,170
6 months to 1 year	**406,053**	480,392
1 year to 2 years	**173,350**	69,689
2 year to 3 years	**26,324**	23,025
Over 3 years	**22,213**	18,410
	3,135,010	3,454,686
Less: provision for impairment	**(67,247)**	(41,262)
	3,067,763	3,413,424

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are RMB denominated wealth management products with expected return rate ranging from 2.4% to 5.0% (2017: 3.1% to 7.5%) per annum and with maturity dates between 0 day and 335 days (2017: between 7 days and 360 days). None of these assets is either past due or impaired (2017: None).

12. SHARE CAPITAL

	Authorised share capital		
	Number of shares	**Amount**	**Amount**
	'000	*HKD'000*	*RMB'000*
As at 1 January 2017, 31 December 2017, and 31 December 2018 (shares with a par of HKD0.1 per share)	5,000,000	500,000	502,350

	Issued and fully paid		
	Number of shares	**Amount**	**Amount**
	'000	*HKD'000*	*RMB'000*
As at 1 January 2017, 31 December 2017, and 31 December 2018 (shares with a par of HKD0.1 per share)	1,596,000	159,600	160,510

13. TRADE AND BILLS PAYABLE

The ageing analysis of the trade and bills payable based on invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
Up to 6 months	**2,666,679**	3,366,648
6 months to 1 year	**2,462**	289
1 year to 2 years	**13**	75
Over 2 years	**36**	1,045
	2,669,190	3,368,057

14. CONVERTIBLE BONDS

On 13 February 2014, the Company issued convertible bonds (the "CBs") due 2019 in an aggregate principal amount of USD200,000 thousand (equivalent to approximately RMB1,221,400 thousand). Interest of 2.00% per annum will be paid semi-annually. The CBs may be converted into ordinary shares of the Company, at the option of bond holders 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 CBs 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 the date fixed for redemption thereof, at an initial conversion price (subject to adjustment for among other things, consolidation and subdivision of shares, capitalization of profits or reserves, right issues, distributions and certain other dilutive events) of HK$24.6740 per share.

On 13 February 2017, pursuant to the terms and conditions of the CBs, the Company redeemed the CBs with an aggregate principal amount of USD75,250 thousand according to the requirement of the bondholders. Accordingly, the CBs were redeemed at 100% of their principal amount, together with any accrued but unpaid interest thereon. The redeemed CBs were cancelled upon redemption and the remaining outstanding aggregate principal amount of the CBs was reduced to USD124,750 thousand.

The CBs are designated as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value at initial recognition with transaction cost charge to the profit or loss accounts. Subsequently, the fair values are remeasured, gains and losses from changes therein are recognised in the profit or loss account.

None of the CBs were converted into ordinary shares of the Company during the year.

	Convertible bonds
	RMB'000
At 1 January 2017	**1,391,965**
Change in fair value of convertible bonds	**40,669**
Repayment of Convertible bonds	**(517,043)**
At 31 December 2017	**915,591**
Change in fair value of convertible bonds	**(62,823)**
At 31 December 2018	**852,768**

The fair value of the CBs as at 31 December 2018 is approximately USD 124,252 thousand (2017: USD 140,123 thousand), equivalent to approximately RMB852,768 thousand (2017: RMB915,591 thousand), which is determined by valuation technique using observable inputs (Level 2): quoted prices for identical or similar instruments in active markets.

15. COMMITMENTS

(a) Capital commitments

	2018	2017
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
– Contracted but not provided for	**233,002**	284,002

(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:

	2018	2017
	RMB'000	*RMB'000*
Not later than 1 year	**2,942**	6,024
Later than 1 year and no later than 5 years	**226**	499
	3,168	6,523

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2018, the global economy in whole generally maintained the mild growth of the previous year, but the growth slowed down. Except for the strong economic growth rate spurred by fiscal stimulation and tax reduction in the US, other major developed economies still maintained steady growth. At the same time, the US initiated the "trade war" and the trade protectionism started gradually. These factors had negative influence on the growth of global economy. Though the manufacturing PMI of China stayed above 50 during most of the year, the trade war tension has weakened investors' confidence. In addition, the Chinese government implemented a series of policies such as "tightened control" and "de-leveraging" in early 2018. Such external factors and internal policies has disrupted the domestic economy, which was originally expected to rely on the domestic demand as driving force (but actually being affected by the downward pressure of domestic economy and increase of borrowings of individuals).

Despite the uncertainties in both domestic and global economic and political environment, the Company managed to achieve a record high annual results of RMB10,851.2 million for the sales in the year ended 31 December 2018, representing an increase of 6.5% compared to the same period in 2017. The increase in raw material prices since the end of 2017 leaded to a drop of gross profit margin by 3.7pps to 31.6% on an annual basis. Excluding the non-cash accounting gain of changes in fair value of convertible bonds resulted from bond value changes, the net profit margin for the year recorded a drop of 3.9pps from 2017 to 16.7%.

The net profit attributable to the shareholders of the Company for the year ended 31 December 2018 reached RMB1,916.9 million (2017: RMB2,005.4 million). Excluding the non-cash accounting gain of changes in fair value of convertible bonds resulted from bond value changes, the adjusted net profit attributable to the shareholders of the Company was RMB1,813.0 million (2017: RMB2,101.3million), representing a decrease of 13.7% compared to the same period last year.

The Board of Directors has declared a second interim dividend of HK0.19 per share for the year ended 31 December 2018 (2017: HK$0.27) and the total dividend for 2018 would amount to HK$0.44 (2017: HK$0.52) per share.

Domestic and export sales

The following table summarises the Group's domestic and export sales by geographic areas:

(RMB million)	**2018**	**%**	2017	%	**2018 vs 2017**
Domestic Sales	**7,311.2**	**67.4%**	6,989.3	68.6%	**4.6%**
Export Sales	**3,231.9**	**29.8%**	2,954.7	29.0%	**9.4%**
Parts	**308.1**	**2.8%**	242.1	2.4%	**27.3%**
Total	**10,851.2**	**100%**	10,186.1	100%	**6.5%**

Under the background of deleveraging in China, the investment interest is reduced and the Company's domestic sales recorded an increase of 4.6% to RMB7,311.2 million. Although the overseas markets were affected by the trade war, with sales in the U.S. market dropping, the Company had tackled the same by increasing our strategic investments overseas, including Germany and Turkey etc. during the year, and this supported the sales in these regions to increase significantly. Coupled with the increased needs of customers in emerging markets such as Brazil, Russia and Southeast Asia for PIMMs, our export sales increased 9.4% to RMB3,231.9 million.

Sales mix of PIMMs by product series

The Group's sales by product series are summarized in the following table:

(RMB million)	**2018**	**%**	2017	%	**2018 vs 2017**
Mars series (energy-saving features PIMMs)	**6,872.8**	**63.3%**	7,072.7	69.4%	**–2.8%**
Zhafir electrical series PIMMs	**1,514.1**	**14.0%**	1,010.8	9.9%	**49.8%**
Jupiter series (two-platen PIMMs)	**1,500.4**	**13.8%**	1,323.1	13.0%	**13.4%**
Other series	**655.8**	**6.1%**	537.4	5.3%	**22.0%**
Parts	**308.1**	**2.8%**	242.1	2.4%	**27.3%**
Total	**10,851.2**	**100%**	10,186.1	100%	**6.5%**

As domestic macro-economic growth slowed down, the sales of Mars series, the main products of our Company which was sensitive to variable economic parameters, slightly decreased from RMB7,072.7 million in 2017 to RMB6,872.8 million in 2018, representing a decrease of 2.8%. However, the Company's ongoing business strategy of shifting small-tonnage PIMMs to full-electric PIMMs and large-tonnage PIMMs to two platen PIMMs is consistent with the requirements of industry upgrade and products replacement, increasing the percentages of sales of our Zhafir electrical and two-platen PIMMs reached RMB1,514.1 million and RMB1,500.4 million in 2018, representing the increase of 49.8% and 13.4% compared with last year, respectively. One of the reasons of slight decrease of our sales of Mars series in 2018 was that more of our customers had chosen our small electric PIMMs. The significant increase in sales of our full-electric PIMMs in 2018 clearly proved this trend. Such increase offset the mild drop in sales of Mars series. Our sales of full-electric PIMMs out of small-tonnage PIMMs and of two platen PIMMs out of middle/large-tonnage PIMMs in 2018 accounted for 22.9% (2017: 15.8%) and 38.2% (2017: 37.3%) respectively.

Outlook

With the expectation of slowing global economic growth and the mindfulness of trade protectionism, the rate hikes by the Federal Reserve of the United State is still uncertain. The growth rate of US economy may not continue to rise at the same speed after the US economy experiencing a relatively strong growth. Under the gloom of the "trade war", the Euro zone continues to face a sluggish recovery, and the inflation momentum is slightly insufficient. Therefore, in 2019, the uncertain growth rate of developed economies, in particular the US economy, may increase the risks of the world's economy slow down.

It is expected that the rate hikes by the Federal Reserve of the United State will slow down and external pressure on emerging economies will decrease, but at the same time, as the US economy slows, emerging markets will face weaker external demands and exports will be affected, in particular the downside pressure may increase for the Chinese economy also. At the end of 2018, the Central Economic Work Conference clearly stated that, in 2019, China shall continue to adhere to the principal of supply-side structural reform, maintain a stable and progressive manner in works, increase the efforts on tax reduction and fee reduction, which showed the China government's special concern on uncertainty about the economy next year. Meanwhile, we have to face the reality of uncertain trade frictions, the slowdown of global economic growth and lack of the confidence of investment by domestic enterprises. We remain cautious on the economic prospects of China and the world in 2019.

In such a complicated global economic situation, the Company always keeps risk management awareness for the future challenging environment, and has made great effort to implement internal reform and designated the year of 2019 as a year of management innovation. The Company actively promotes the structure of personal development to employees and realizes the quantitative management of employees by introducing information technological measures, such as CRM and enterprise WeChat, thereby enhancing the Company's overall value and competitiveness to counter the economy uncertainty in the future. The Company also endeavors to introduce new concept of Integrated Product Development (IPD) in management innovation. Sales, technological and application services under "IPD" model would allow the Company to better tailor to the needs of the market and enhance its response. As the Company's overseas business continues to expand, we continue to increase our global investment, further develop our overseas manufacturing centers, assembling centers, application centers, sales centers and service centers, and thereby accelerating the deployment of our global business.

The Company keeps focusing on R&D innovation. In early 2019, the third-generation PIMMs with upgraded technology and stronger price-performance ratio and the high-speed PIMMs focused on different applications in the mid-to-high-end market have been launched in the market. Haitian steady moves towards the top of the industry. While being at the leading position in certain aspect in the domestic industry, the Company will persistently strive to develop new products and become leaders in all aspects of the industry. In the forthcoming year, Haitian may be facing greater global risks and more uncertainties, but at the same time new opportunities will also come along. We have confidence that we would be able to managing the risks. Haitian will continue to create value for customers and investors with better quality and more convenient service, and grow and develop together with our customers, employees and partners!

Financial Review

Revenue

With the comprehensive global and domestic economic and political environment, we still managed to achieve a record revenue of RMB10,851.2 million in 2018, representing an increase of 6.5% compared to 2017. The domestic sales were increased by 4.6% to RMB7,311.2 million compared to results of 2017, while our export sales recorded a historical high of RMB3,231.9 million, representing an increase of 9.4% compared to results in 2017.

Gross Profit

In 2018, we recorded gross profit of approximately RMB3,426.3 million, representing a decrease of 4.7% compared to 2017. Overall gross margin dropped to 31.6% in 2018 (2017: 35.3%) as a result of the increase in raw material prices since the end of 2017.

Selling and administrative expenses

The selling and administrative expenses increased by 13.6% from RMB1,325.2 million in 2017 to RMB1,505.8 million in 2018. The increase was mainly due to the increase of labor cost and depreciation resulting from the capacity expansion, workshop maintenance, reserve for the potential litigation, and other administrative expenses. While the employment costs related to the research and development activities were RMB141.2 million in 2018 (2017: RMB111.8 million).

Other income

Other income mainly consists of government subsidy and increased by 14.4% from RMB127.1 million in 2017 to RMB145.4 million in 2018.

Finance income – net

We recorded a net finance income of RMB122.8 million in 2018 compared to a net finance income of RMB90.0 million in 2017. The changes were mainly attributable to i) we recorded non-cash accounting gains of change in fair value of CB of RMB62.8 million in 2018 compared to losses of RMB40.7 million in 2017, ii) we recorded net foreign exchange gains of RMB22.7 million in 2018 compared to net foreign exchange losses of RMB56.5 million in 2017, iii). we recorded RMB225.5 million interest income from wealth management products in 2018 and presented it under other gains/losses – net while we recorded interest income of RMB188.6 million from wealth management products in 2017 according to HKFRS 9 *Financial Instruments*, and iv) we recorded the interest income from restricted bank deposits, term deposits and cash and cash equivalents of RMB66.3 million in 2018 compared to RMB39.7 million in 2017.

Income tax expenses

Income tax expenses decreased by 3.5% from RMB462.2 million in 2017 to RMB446.2 million in 2018. Our effective tax rate maintained at a similar level of 18.9% in 2018 (2017: 18.7%).

Net profit attributable to shareholders

As a result, our net profit attributable to shareholders of the Company in 2018 decreased to RMB1,916.9 million, representing a decrease of 4.4% compared to 2017. Excluding the change in fair value of convertible bonds, the adjusted net profit attributable to shareholders of the Company for 2018 decreased to RMB1,813.0 million, representing a decrease of 13.7% compared to 2017.

Liquidity, Financial Resources, Borrowing and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 31 December 2018, the Group's total cash and cash equivalents, term deposits and restricted cash amounted to RMB3,769.6 million, RMB150.0 million and RMB245.0 million respectively (31 December 2017: RMB3,029.3 million, RMB100.0 million and RMB190.6 million respectively). The Group's short-term bank borrowing amounted to RMB1,009.4 million as at 31 December 2018 (31 December 2017: RMB1,172.0 million).

In February 2014, we issued US dollar denominated 2.00 coupon CB due 2019 of USD200 million for general corporate purposes. In February 2017, we redeemed CB of USD75.25 million and the remaining outstanding aggregate principal amount of CB was reduced to USD124.75 million. As at 31 December 2018, CB balance amounted to RMB852.8 million which represented its market fair value of CB (31 December 2017: RMB915.6 million).

The Group also placed certain surplus fund into wealth management products which were recorded as financial assets at FVPL. The wealth management products carry floating interests ranging from 2.4% to 5.0% (2017: 3.1% to 7.5%) per annum. As at 31 December 2018, the Group's financial assets at FVPL amounted to RMB4,349.6 million (31 December 2017: RMB4,779.3 million).

The net gearing ratio is defined by our management as total borrowings net of cash divided by shareholders' equity. As at 31 December 2018, our Group was in a strong financial position with a net cash position amounting to RMB2,302.4 million (31 December 2017: RMB1,232.3 million). Accordingly, no net gearing ratio is presented.

Capital Expenditure

In 2018, our capital expenditure consisted of additions of property, plant and equipment and land use rights, which amounted to RMB628.2 million (2017: RMB796.9 million).

Charges on Group Assets

As at 31 December 2018, no assets were pledged for our Group (31 December 2017: no assets were pledged for our Group).

Foreign Exchange Risk Management

During the Reported Period, our Group exported approximately 30.9% of its products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while our Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10% of our total purchases. During the Reported Period, our Group borrowed certain Euro denominated bank loans to hedge the exchange risk of Euro denominated receivables arising from export sales.

Financial guarantee

As at 31 December 2018, our Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB840.9 million (31 December 2017: RMB1,158.5 million).

EMPLOYEES

As at 31 December 2018, our Group had a total workforce of approximately 6,390 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.

PAYMENT OF SECOND INTERIM DIVIDEND

The Board had declared a second interim dividend of HK$0.19 per share for the year ended 31 December 2018 (2017: HK$0.27 per share) which, together with the interim dividend of HK$0.25 per share paid in September 2018 will constitute a total dividend of HK$0.44 per share (2017: HK$0.52 per share) for the full year. The second interim dividend is expected to be paid on or before 17 April 2019 to our shareholders whose names appear on the register of members of the Company on 8 April 2019.

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on 27 May 2019. 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 register of members of the Company will be closed from 3 April 2019 to 8 April 2019 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the second interim dividend, all properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, 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 2 April 2019.

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

The register of members of the Company to attend the AGM will be closed from 22 May 2019 to 27 May 2019 (both days inclusive). In order to be eligible to attend the AGM, all properly completed share 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 21 May 2019, for registration.

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. The Company complied with all the applicable code provisions set out in Corporate Governance Code in Appendix 14 of the Listing Rules for the year ended 31 December 2018.

Details of the implementation of the Company's 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 an audit committee which was established 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 2018, 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 regularly 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.

According to rule 3.10A of the Listing Rules, the Company is required to appoint independent non-executive directors representing at least one-third of the members of the Board. Following the re-designation of Mr. Zhang Jianguo and Ms. Chen Ningning from executive directors to non-executive directors and the appointment of Mr. Chen Weiqun and Mr. Zhang Bin as executive directors on 20 April 2018, the number of independent non-executive directors on the Board represents less than one-third of the members of the Board.

Following the resignation of Dr. Steven Chow as an independent non-executive director of the Company and appointment of Dr. Yu Junxian and Mr. Lo Chi Chiu as independent non-executive directors of the Company on 1 February 2019, the Board comprises fifteen directors with five executive directors, five non-executive directors and five independent non-executive directors and accordingly, the Company complies with the requirement under Rule 3.10A of the Listing Rules for having independent non-executive directors representing at least one-third of the Board.

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 as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who confirmed that they had complied with the required standard set out in the Model Code during the Reported Period.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reported Period under review.

PUBLICATION OF ANNUAL 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 of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

By Order of the Board
Haitian International Holdings Limited
Zhang Jingzhang
Chairman

Hong Kong, China, 18 March 2019

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Chen Weiqun and Mr. Zhang Bin; the Non-executive Directors are Prof. Helmut Helmar Franz, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Zhang Jianguo and Ms. Chen Ningning; and the Independent Non-executive Directors are Mr. Lou Baijun, Mr. Jin Hailiang, Mr. Guo Yonghui, Dr. Yu Junxian and Mr. Lo Chi Chiu.