

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**HIGHLIGHTS**

	<b>Six months ended 30 June</b>		<b>Change %</b>
	<b>2021</b>	<b>2020</b>	
	<b>RMB' million</b>	<b>RMB' million</b>	
Revenue	<b>8,225.8</b>	5,015.7	64.0
Gross profit	<b>2,659.2</b>	1,686.1	57.7
Operating profit	<b>1,863.7</b>	1,228.9	51.7
Profit attributable to shareholders of the Company	<b>1,583.8</b>	1,028.0	54.1
Basic Earnings per share (expressed in RMB per share)	<b>0.99</b>	0.64	54.1

- Driven by China's dual circulation economic strategy, the sales of the Company amounted to RMB8,225.8 million for the six months ended 30 June 2021, representing an increase of 64.0% compared to the same period in 2020.
- Gross profit margin decreased to 32.3%, as raw material price rocketed while the response to the increase of products' selling price delayed during the Reporting Period (1H2020: 33.6%).
- The net profit attributable to shareholders of the Company for the six months ended 30 June 2021 increased to RMB1,583.8 million, representing an increase of 54.1% compared to the first half of 2020.
- The Company has always been focusing on the flexibility and efficiency in operation and has solid capacity in working capital management. The net cash from operating activities of the Company for the six months ended 30 June 2021 reached RMB1,478.8 million (1H2020: RMB1,224.7 million) with a net cash position (including wealth management products) amounting to RMB8,894.9 million (31 December 2020: RMB9,605.5 million).
- Basic earnings per share amounted to RMB0.99 during the Reporting Period, representing an increase of 54.1% compared to the same period last year.
- The Board has resolved not to declare an interim dividend for the Reporting Period, but may consider a distribution after review of the annual results by the Board.

## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Haitian International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2020 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts expressed in RMB'000 unless otherwise stated)

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revenue	4	<b>8,225,795</b>	5,015,675
Cost of sales		<b>(5,566,551)</b>	(3,329,578)
<b>Gross profit</b>		<b>2,659,244</b>	1,686,097
Selling and marketing expenses		<b>(594,023)</b>	(358,883)
General and administrative expenses		<b>(447,379)</b>	(293,982)
Other income		<b>126,188</b>	106,134
Other gain – net		<b>119,647</b>	89,523
<b>Operating profit</b>	5	<b>1,863,677</b>	1,228,889
Finance income	6	<b>96,996</b>	60,537
Finance costs	6	<b>(22,627)</b>	(17,225)
Finance income – net	6	<b>74,369</b>	43,312
Share of profit of an associate		<b>19,700</b>	11,476
<b>Profit before income tax</b>		<b>1,957,746</b>	1,283,677
Income tax expense	7	<b>(375,880)</b>	(256,428)
<b>Profit for the period</b>		<b>1,581,866</b>	1,027,249
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>1,583,757</b>	1,027,987
Non-controlling interests		<b>(1,891)</b>	(738)
		<b>1,581,866</b>	1,027,249
<b>Dividends</b>	8	–	342,782
<b>Earnings per share for profit attributable to shareholders of the Company during the period (expressed in RMB per share)</b>			
– Basic and Diluted	9	<b>0.99</b>	0.64

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2021	2020
<b>Profit for the period</b>		
<b>Other comprehensive income for the period:</b>	<b>1,581,866</b>	1,027,249
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(20,032)</u>	<u>(9,647)</u>
<b>Total comprehensive income for the period</b>	<b><u>1,561,834</u></b>	<b><u>1,017,602</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>1,563,777</b>	1,018,331
Non-controlling interests	<b><u>(1,943)</u></b>	<b><u>(729)</u></b>

**CONDENSED CONSOLIDATED BALANCE SHEET**  
(Amounts expressed in RMB'000 unless otherwise stated)

		<b>30 June 2021</b>	31 December 2020
	<i>Note</i>	<b>Unaudited</b>	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>4,110,190</b>	3,914,165
Right-of-use assets		<b>713,188</b>	721,248
Intangible assets		<b>52,765</b>	53,815
Deferred income tax assets		<b>192,475</b>	157,542
Other financial assets at amortized cost		<b>268,267</b>	494,274
Trade and bills receivable	<i>11</i>	<b>84,566</b>	130,351
Investment in an associate		<b>680,310</b>	484,610
Financial assets at fair value through other comprehensive income		<b>500</b>	500
Restricted bank deposits		<b>200,000</b>	–
Term deposits		<b>1,915,000</b>	2,310,000
		<b>8,217,261</b>	8,266,505
<b>Current assets</b>			
Inventories		<b>3,421,996</b>	2,934,336
Trade and bills receivable	<i>11</i>	<b>3,853,791</b>	3,135,711
Other financial assets at amortized cost		<b>157,244</b>	156,348
Prepayments and other assets		<b>317,812</b>	223,453
Prepaid income tax		<b>2,701</b>	3,159
Financial assets at fair value through profit or loss	<i>12</i>	<b>4,499,056</b>	4,604,867
Restricted bank deposits		<b>24,092</b>	31,417
Dividend Receivable		<b>58,750</b>	58,750
Term deposits		<b>835,000</b>	230,884
Cash and cash equivalents		<b>2,764,468</b>	3,746,430
		<b>15,934,910</b>	15,125,355
<b>Total assets</b>		<b>24,152,171</b>	23,391,860
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	<i>13</i>	<b>160,510</b>	160,510
Share premium		<b>1,331,913</b>	1,331,913
Other reserves		<b>1,593,776</b>	1,613,756
Retained earnings		<b>11,383,569</b>	11,671,055
		<b>14,469,768</b>	14,777,234
<b>Non-controlling interests</b>		<b>645</b>	8,802
<b>Total equity</b>		<b>14,470,413</b>	14,786,036

**CONDENSED CONSOLIDATED BALANCE SHEET** *(Continued)*  
*(Amounts expressed in RMB'000 unless otherwise stated)*

		<b>30 June 2021</b>	31 December 2020
	<i>Note</i>	<b>Unaudited</b>	Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		<b>59,684</b>	57,592
Deferred income tax liabilities		<b>447,774</b>	380,588
Lease liabilities		<b>612</b>	550
		<hr/> <b>508,070</b>	<hr/> 438,730
<b>Current liabilities</b>			
Trade and bills payable	<i>14</i>	<b>5,503,517</b>	4,112,557
Accruals and other payables		<b>1,444,904</b>	1,516,812
Contract liabilities		<b>649,342</b>	964,110
Current income tax liabilities		<b>232,520</b>	254,880
Bank borrowings		<b>1,342,750</b>	1,318,130
Lease liabilities		<b>655</b>	605
		<hr/> <b>9,173,688</b>	<hr/> 8,167,094
<b>Total liabilities</b>		<hr/> <b>9,681,758</b>	<hr/> 8,605,824
<b>Total equity and liabilities</b>		<hr/> <b>24,152,171</b>	<hr/> 23,391,860
<b>Net current assets</b>		<hr/> <b>6,761,222</b>	<hr/> 6,958,261
<b>Total assets less current liabilities</b>		<hr/> <b>14,978,483</b>	<hr/> 15,224,766

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(Amounts expressed in RMB'000 unless otherwise stated)*

	Attributable to shareholders of the Company					Non- controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2020</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,543,510</b>	<b>10,083,130</b>	<b>13,119,063</b>	<b>6,740</b>	<b>13,125,803</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	1,027,987	1,027,987	(738)	1,027,249
<b>Other comprehensive income</b>							
Currency translation differences	-	-	(9,656)	-	(9,656)	9	(9,647)
<b>Total comprehensive income for the period ended 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>(9,656)</b>	<b>1,027,987</b>	<b>1,018,331</b>	<b>(729)</b>	<b>1,017,602</b>
<b>Transactions with owners</b>							
Dividend paid – 2019 second interim	-	-	-	(273,571)	(273,571)	-	(273,571)
Appropriations	-	-	659	(659)	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>659</b>	<b>(274,230)</b>	<b>(273,571)</b>	<b>-</b>	<b>(273,571)</b>
<b>Balance at 30 June 2020</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,534,513</b>	<b>10,836,887</b>	<b>13,863,823</b>	<b>6,011</b>	<b>13,869,834</b>
<b>Balance at 1 January 2021</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,613,756</b>	<b>11,671,055</b>	<b>14,777,234</b>	<b>8,802</b>	<b>14,786,036</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	1,583,757	1,583,757	(1,891)	1,581,866
<b>Other comprehensive income</b>							
Currency translation differences	-	-	(19,980)	-	(19,980)	(52)	(20,032)
<b>Total comprehensive income for the period ended 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(19,980)</b>	<b>1,583,757</b>	<b>1,563,777</b>	<b>(1,943)</b>	<b>1,561,834</b>
<b>Transactions with owners</b>							
Dividend paid – 2020 second interim	-	-	-	(868,791)	(868,791)	-	(868,791)
Dividend paid – 2020 special interim	-	-	-	(1,002,452)	(1,002,452)	-	(1,002,452)
Disposal of a subsidiary	-	-	-	-	-	(6,214)	(6,214)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,871,243)</b>	<b>(1,871,243)</b>	<b>(6,214)</b>	<b>(1,877,457)</b>
<b>Balance at 30 June 2021</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,593,776</b>	<b>11,383,569</b>	<b>14,469,768</b>	<b>645</b>	<b>14,470,413</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2021	2020
<b>Cash flows from operating activities:</b>			
Net cash generated from operating activities		<u>1,478,779</u>	<u>1,224,703</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	10	(456,389)	(177,761)
Net gain on disposal of shares of a subsidiary		14,225	–
(Purchase of)/net proceeds from disposal of financial instruments		(315,684)	170,528
Interests received		<u>129,697</u>	<u>164,457</u>
Net cash (used in)/generated from investing activities		<u>(628,151)</u>	<u>157,224</u>
<b>Cash flows from financing activities:</b>			
Net changes in bank borrowings		38,653	221,326
Dividends paid to the Company's shareholders		<u>(1,871,243)</u>	<u>(273,571)</u>
Net cash used in financing activities		<u>(1,832,590)</u>	<u>(52,245)</u>
Net (decrease)/increase in cash and cash equivalents		(981,962)	1,329,683
Cash and cash equivalents at beginning of period		<u>3,746,430</u>	<u>1,538,360</u>
Cash and cash equivalents at end of period		<u>2,764,468</u>	<u>2,868,043</u>



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*For the six months ended 30 June 2021*

### **1. GENERAL INFORMATION**

Haitian International Holdings Limited (the “Company”) was incorporated on 13 July 2006, as an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961, as combined and revised) of the Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 22 December 2006 and its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and distribution of plastic injection moulding machines.

This unaudited condensed consolidated interim financial information was approved for issue on 10 August 2021.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) except for the adoption of new and amended standards as disclosed in Note 3.

### 3. ACCOUNTING POLICIES

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

Certain new and amended standards became applicable for this Reporting Period and the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021

#### (b) New standards, new interpretations and amendments to standards and interpretations that have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

#### 4. REVENUE AND SEGMENT INFORMATION

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Sales of plastic injection moulding machines and related products	<b><u>8,225,795</u></b>	<u>5,015,675</u>

The Group is mainly engaged in the manufacturing and the sale of plastic injection moulding machines. The internal reporting for the chief operating decision-maker is provided on a whole-entity basis. Accordingly, the Group has one reportable segment only and no further segment information is provided.

The Group is domiciled in Mainland China. The result of its sales from external customers in different countries is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Mainland China	<b>5,720,252</b>	3,410,337
Hong Kong and overseas countries	<b><u>2,505,543</u></b>	<u>1,605,338</u>
	<b><u>8,225,795</u></b>	<u>5,015,675</u>

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

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Mainland China	<b>4,759,248</b>	4,451,741
Hong Kong and overseas countries	<b><u>754,119</u></b>	<u>722,097</u>

## 5. OPERATING PROFIT

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation and amortisation	149,879	123,704
Provision for impairment of trade receivables	415	17,193
Provision for write-down of inventories	7,437	31,065
Raw materials and consumables used	4,215,864	2,868,074
Net foreign exchange losses	42,320	25,467
(Gains) on disposal of property, plant and equipment	(440)	(935)
Fair value (gains) on financial assets at fair value through profit or loss	(94,119)	(115,475)
	<u>          </u>	<u>          </u>

## 6. FINANCE INCOME – NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance cost:		
Interest expenses on bank loans	(22,576)	(17,175)
Lease liabilities	(51)	(50)
	<u>          </u>	<u>          </u>
	(22,627)	(17,225)
	<u>          </u>	<u>          </u>
Finance income:		
Interest income on restricted bank deposits, term deposits, cash and cash equivalents and entrusted loans	94,598	59,163
Net foreign exchange gains	2,398	1,374
	<u>          </u>	<u>          </u>
	96,996	60,537
	<u>          </u>	<u>          </u>
Finance income – net	<u>74,369</u>	<u>43,312</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– Mainland China enterprise income tax (“EIT”)	<b>300,191</b>	196,400
– Overseas income tax	<b>27,250</b>	18,148
Deferred taxation	<b>48,439</b>	41,880
	<b>375,880</b>	256,428

## 8. DIVIDENDS

At a meeting held on 10 August 2021, the Board has resolved not to declare an interim dividend for the Reporting Period, but may consider a distribution after review of the annual results by the Board.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to the shareholders of the Company of approximately RMB1,583,757,000 (2020: RMB1,027,987,000) and on the weighted average number of 1,596,000,000 (2020: 1,596,000,000) ordinary shares in issue during the period.

## 10. CAPITAL EXPENDITURE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	<b>456,389</b>	177,761

## 11. TRADE AND BILLS RECEIVABLE

A majority of trade and bills receivable are associated with customers having an appropriate credit history. 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 is as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Up to 6 months	3,483,666	2,816,479
6 months to 1 year	299,678	263,703
1 year to 2 years	184,067	214,141
2 years to 3 years	31,412	39,672
Over 3 years	45,507	37,625
	<u>4,044,330</u>	<u>3,371,620</u>
Less: provision for impairment	(105,973)	(105,558)
	<u>3,938,357</u>	<u>3,266,062</u>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2021, the Group held financial assets at fair value through profit or loss amounting to approximately RMB4,499,056 thousand (31 December 2020: RMB4,604,867 thousand). These financial assets represented various wealth management products held by the Group such as structure deposits and wealth management products from banks, trusts and funds products, etc., which were conducive to improving the capital usage efficiency and generating investment returns from the Group's idle funds. The expected return rates ranged from 2.1% to 7.4% (2020: 2.7% to 7.5%) per annum with maturity dates between 0 day and 365 days (2020: between 0 day and 366 days). None of these assets is past due or impaired (2020: none).

## 13. SHARE CAPITAL

	Authorised share capital		
	Number of shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2021	5,000,000	500,000	502,350
	Issued and fully paid		
	Number of shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2021	1,596,000	159,600	160,510

#### 14. TRADE AND BILLS PAYABLE

The ageing analysis of trade and bills payable is as follows:

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Up to 6 months	5,493,425	4,104,552
6 months to 1 year	5,296	1,667
1 year to 2 years	2,974	4,386
Over 2 years	1,822	1,952
	<u>5,503,517</u>	<u>4,112,557</u>

#### 15. CAPITAL COMMITMENTS

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Acquisition of property, plant and equipment contracted but not provided for:	<u>504,828</u>	<u>420,757</u>

## **BUSINESS REVIEW**

During the first half of 2021, divergence was seen in the global economy. For developed economies such as the United States and Europe, economic activities were recovering continuously due to high vaccination rates and better control over the COVID-19 pandemic (the “Pandemic”) in general, together with the continuous implementation of loose monetary policies and fiscal stimulus policies. However, for numerous emerging markets and developing countries, the resurgence of the Pandemic caused by vaccine shortages and lagging vaccination progress have posed obstacles to their economic recoveries. Under the combined effect of, among others, loose monetary policies and rising consumer demand in various countries, problems such as rapid price increase and supply shortages of global bulk commodity continue to appear, bringing a number of negative factors to manufacturing industries in various countries. On the other hand, benefiting from a favorable domestic economic environment and the support from a series of easing policies such as the policy of stabilising investment and exports, it seems that the overall economy in China has returned to steady development.

Driven by China’s dual circulation economic strategy, the sales of the Company amounted to RMB8,225.8 million for the six months ended 30 June 2021, representing an increase of 64.0% compared to the same period in 2020. As raw material price rocketed while the response to the increase of products’ selling price delayed during the Reporting Period, the gross profit margin decreased by 1.3 percentage points to 32.3%.

The net profit attributable to shareholders of the Company for the six months ended 30 June 2021 amounted to RMB1,583.8 million (1H2020: RMB1,028.0 million), representing an increase of 54.1% compared to the same period last year. Meanwhile, the net profit margin for this period was 19.3%, representing a decrease of 1.2 percentage points compared to the same period in 2020.

The Board has resolved not to declare an interim dividend for the Reporting Period, but may consider a distribution after review of the annual results by the Board (1H2020: HKD0.24 per share).



## Domestic and overseas sales

The Group's domestic and overseas sales by geographic areas are summarized in the following table:

<i>(RMB million)</i>	<b>1st half of 2021</b>	<b>%</b>	1st half of 2020	<b>%</b>	Percentage (%) change of 1st half 2021 compare to 1st half 2020
Domestic Sales	<b>5,720.3</b>	<b>69.5%</b>	3,410.4	68.0%	67.7%
Overseas Sales	<b>2,505.5</b>	<b>30.5%</b>	1,605.3	32.0%	56.1%
Total	<b>8,225.8</b>	<b>100.0%</b>	5,015.7	100.0%	64.0%

Thanks to China's stable control of the pandemic and continuous exports of various categories of products to the world, the Company achieved remarkable results in domestic sales, amounting to RMB5,720.3 million, an increase of 67.7% as compared with the same period last year. Save for certain Southeast Asian countries which were affected by the Pandemic, the Company's continuous efforts in expanding its overseas sales network over the years have paid off. Sales to many regions such as India, Brazil and Thailand increased substantially, whereas sales to Vietnam, Turkey and Russia continued to rise steadily, taking the total amount of overseas sales to RMB2,505.5 million, an increase of 56.1% as compared with the same period last year. Meanwhile, all third-generation plastic injection moulding machines ("PIMMs") launched have been well accepted by the market and have already accounted for more than 60% of the total sales in the first half of the year.

## Sales mix of PIMMs by product series

<i>(RMB million)</i>	<b>1st half of 2021</b>	<b>%</b>	1st half of 2020	<b>%</b>	Percentage (%) change of 1st half 2021 compare to 1st half 2020
Mars series (energy-saving features PIMMs)	<b>5,787.7</b>	<b>70.4%</b>	3,655.7	72.9%	58.3%
Zhafir electrical series PIMMs	<b>1,054.3</b>	<b>12.8%</b>	566.5	11.3%	86.1%
Jupiter series (two-platen PIMMs)	<b>891.1</b>	<b>10.8%</b>	465.3	9.3%	91.5%
Other PIMMs series	<b>256.5</b>	<b>3.1%</b>	181.5	3.6%	41.3%
Parts & Service	<b>236.2</b>	<b>2.9%</b>	146.7	2.9%	61.0%
Total	<b>8,225.8</b>	<b>100.0%</b>	5,015.7	100.0%	64.0%

Due to varying degrees of global economic recovery, the buoyant demand across various downstream industries has created strong needs for the Company's Mars series, the sales of which increased from RMB3,655.7 million in the first half of 2020 to RMB5,787.7 million in the first half of 2021, representing an increase of 58.3%. As the high-end manufacturing industry restored and the automotive industry continued to rebound in both China and overseas, the sales of Zhafir electrical series and Jupiter two-platen series increased by 86.1% to RMB1,054.3 million and by 91.5% to RMB891.1 million, respectively, as compared with the same period last year.

## **Prospect**

In the long term, the geopolitical rivalry between China and the U.S. will remain the main cause that constrains global economic development and hinders globalization, bringing uncertainties to the future development of global economy. At present, the progress of vaccination and the pandemic development are the primary factors affecting the recovery of the world economy. Nevertheless, after the economic recovery last year and in the first half of this year, the overall economy of the world is recovering rapidly with optimistic prospect. Thus, we are confident in the continuous recovery of our overseas business in the second half of the year. Last year, the high growth of overseas sales benefited from a large amount of purchase orders resulted from the pandemic in overseas countries where local manufacturing had been affected. However, as the spread of pandemic shifted from global to certain areas, manufacturing industry in most countries gradually get back on track whereas the high growth of domestic exports in consumer goods and other industries could not sustain. Meanwhile, domestic consumption has remained weak and the rebound has been limited, while small and medium enterprises face pressure from inflation in bulk commodities. The marginal slowdown in economic growth has also brought uncertainties to China's economic development in the second half of the year.

As the national 14th Five-Year Plan starts from 2021, Haitian also kicked off its digital transformation in all aspects. Through a series of digitalization reform measures, we hope to reshape our management model and business processes, with an aim to enhance quality and efficiency, optimize cost structure and create synergy in the process. In the second half of the year, the Company will pay closer attention to the market. By applying IPD management model, it will customize special machines according to the needs of each region. The Company will also increase its investment in product research and development and accelerate development of the full series of "third-generation + PIMMs". In the meantime, with an aim to enlarge the market shares of products in various industries ahead of overseas recovery, the Company will arrange suitable personnel to strengthen its international market position, particularly in overseas regions where faster recoveries from the pandemic are shown.

The pandemic has a significant impact on the restructuring of global industries, with major economies such as the United States, Europe and China setting digital and green economies as the next target points for economic growth. The digital economy, represented by new generation of technologies such as artificial intelligence, cloud computing and big data analysis, and the green economy, represented by new energy and electric vehicles, will become the new engines of global economic recovery. On the premise of the strategic concept of “technology to the point”, we satisfy our customized needs and demand from each niche market while perfecting sales network and standardizing the production of our components. We strive to maintain our leading position in every aspect of the PIMMs. As always, the Company will continue to create value for our customers with better quality and more convenient services, and will grow and develop together with our customers, employees and business partners.

## **FINANCIAL REVIEW**

### **Revenue**

Driven by China’s dual circulation economic strategy, the revenue of the Company amounted to RMB8,225.8 million for the six months ended 30 June 2021, representing an increase of 64.0% compared to the same period in 2020. During the Reporting Period, our domestic and overseas sales reached RMB5,720.3 million and RMB2,505.5 million respectively.

### **Gross profit**

In the first half of 2021, we recorded gross profit of approximately RMB2,659.2 million, representing an increase of 57.7% compared to the first half of 2020. Overall gross profit margin decreased to 32.3% in the first half of 2021 (1H2020: 33.6%) as a result of the fact that raw material price rocketed while the response to the increase of products’ selling price delayed during the Reporting Period.

### **Selling and administrative expenses**

The selling and administrative expenses increased by 59.5% from RMB652.9 million in the first half of 2020 to RMB1,041.4 million in the first half of 2021. The increase was mainly due to the increase of sales commission, labor cost and donation expenditure.

### **Other income**

Other income mainly consisting of government subsidy increased by 18.9% from RMB106.1 million in the first half of 2020 to RMB126.2 million in the first half of 2021.

## **Finance income – net**

We recorded a net finance income of RMB74.4 million in the first half of 2021 compared to a net finance income of RMB43.3 million for the first half of 2020. The changes were mainly attributable to the following factors: (i) we recorded interest income of RMB94.6 million from restricted bank deposits, term deposits, cash and cash equivalents etc. in the first half of 2021 compared to RMB59.2 million in the first half of 2020; (ii) we recorded a total of RMB22.6 million in interest expense on bank loans and lease liabilities in the first half of 2021 compared to RMB17.2 million in the same period in 2020; and (iii) we recorded net foreign exchange gains of RMB2.4 million in the first half of 2021 compared to RMB1.4 million in the same period in 2020.

## **Income tax expenses**

Income tax expenses increased by 46.6% from RMB256.4 million in the first half of 2020 to RMB375.9 million in the first half of 2021. Our effective tax rate maintained at a similar level of 19.2% in the first half of 2021 (1H2020: 20.0%).

## **Net profit attributable to shareholders**

As a result, our net profit attributable to shareholders for the six months ended 30 June 2021 increased to RMB1,583.8 million, representing an increase of 54.1% compared to the first half of 2020.

## **Liquidity, Financial Resources, Borrowing and Gearing**

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 30 June 2021, the Group's total cash and cash equivalents, term deposits and restricted cash amounted to RMB2,764.5 million, RMB2,750.0 million and RMB224.1 million respectively (31 December 2020: RMB3,746.4 million, RMB2,540.9 million and RMB31.4 million). The Group's short-term bank borrowings amounted to RMB1,342.8 million as at 30 June 2021 (31 December 2020: RMB1,318.1 million).

The Group also placed certain surplus fund into wealth management products which were recorded as financial assets at fair value through profit or loss. The wealth management products with floating interests ranging from 2.1% to 7.4% (2020: 2.7% to 7.5%) per annum. As at 30 June 2021, the Group's financial assets at fair value through profit or loss amounted to RMB4,499.1 million (31 December 2020: RMB4,604.9 million).

The gearing ratio is defined by the management as total borrowings net of cash divided by shareholders' equity. As at 30 June 2021, the Group was in a strong financial position with a net cash position amounting to RMB4,395.8 million (31 December 2020: RMB5,000.6 million). Accordingly, no gearing ratio is presented.

## **Capital Expenditure**

During the first half of 2021, the Group's capital expenditure consisted of additions of property, plant and equipment amounted to RMB456.4 million (1H2020: RMB177.8 million).

## **Charges on Group Assets**

As at 30 June 2021, no assets were pledged for the Group (31 December 2020: no assets were pledged for the Group).

## **Foreign Exchange Risk Management**

During the Reporting Period, the Group sold approximately 30.5% of its products to overseas markets. Such sales were denominated in US dollars or other foreign currencies, while the Group's purchases denominated in US dollars or other foreign currencies accounted for less than 10% of our total purchases.

## **Financial guarantee**

As at 30 June 2021, the Group provided guarantee to banks in connection with facilities granted to the customers with an aggregate amount of RMB599.1 million (31 December 2020: RMB649.1 million).

## **EMPLOYEES**

As at 30 June 2021, the Group had a total workforce of approximately 6,800 employees. Most of our employees were located in Mainland China. We offered our staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on the performance of individual and the Group. The Group is committed to nurturing a learning culture in our organization.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE**

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, the Company complied with all the applicable code provisions set out in the Corporate Governance Code in existing Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2021.

## **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 Reporting Period under review.

## **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 control. The audit committee comprises three independent non-executive directors of the Company.

The audit committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 June 2021, including the accounting principles adopted by the Group, with the Company's management, and confirms that the applicable accounting principles, standards and requirements have been complied with.

## **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 of the Company, who have confirmed that they had complied with the required standard set out in the Model Code for the Reporting Period.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM 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](http://www.hkex.com.hk) and on the Company's website at [www.haitian.com](http://www.haitian.com). The interim 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, 10 August 2021

*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 Mr. Guo Mingguang and Mr. Liu Jianbo; and the Independent Non-executive Directors are Mr. Lou Baijun, Mr. Guo Yonghui, Dr. Yu Junxian and Mr. Lo Chi Chiu.*