



2021

Interim Report

Haitian International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1882



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Highlights

	Six months ended 30 June		
	2021 RMB' million	2020 RMB' million	Change %
Revenue	8,225.8	5,015.7	64.0
Gross profit	2,659.2	1,686.1	57.7
Operating profit	1,863.7	1,228.9	51.7
Profit attributable to shareholders of the Company	1,583.8	1,028.0	54.1
Basic Earnings per share (expressed in RMB per share)	0.99	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 (1H2020: HKD0.24 per share).

Company Profile and Corporate Information

Executive Directors

Mr. ZHANG Jingzhang (*Chairman*)
Mr. ZHANG Jianming (*Chief Executive Officer*)
Mr. ZHANG Jianfeng
Mr. CHEN Weiqun
Mr. ZHANG Bin

Non-Executive Directors

Mr. GUO Mingguang
Mr. LIU Jianbo

Independent Non-Executive Directors

Mr. LOU Baijun
Mr. GUO Yonghui
Dr. YU Junxian
Mr. LO Chi Chiu

Audit Committee

Mr. LOU Baijun (*Chairman*)
Mr. GUO Yonghui
Dr. YU Junxian

Nomination Committee

Mr. ZHANG Jingzhang (*Chairman*)
Mr. GUO Yonghui
Dr. YU Junxian

Remuneration Committee

Dr. YU Junxian (*Chairman*)
Mr. ZHANG Jianming
Mr. GUO Yonghui

Company Secretary

Ms. LEE Ka Man

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited (formerly known as SMP Partners (Cayman) Limited)
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay Grand Cayman, KY1-1100
Cayman Islands

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Principal Place of Business

China
No. 1688 Haitian Road
Beilun District, Ningbo
Zhejiang Province, China
315800

Hong Kong
Unit 1105, Level 11
Metroplaza, Tower 2
223 Hing Fong Road
Kwai Fong, N.T.
Hong Kong

Principal Banks

China
Agricultural Bank of China
Bank of China
China Everbright Bank
China Guangfa Bank
Industrial and Commercial Bank of China
Industrial Bank
Ping An Bank
Shanghai Pudong Development Bank Co., Ltd.
The Export-Import Bank of China

Hong Kong
Hang Seng Bank
Oversea – Chinese Banking Corporation
Standard Chartered Bank (Hong Kong)
The Hongkong and Shanghai Banking Corporation

Investor Information

Listing Information

Listing: Hong Kong Stock Exchange
Stock code: 1882

Key Dates

10 August 2021 – Interim Results
Announcement

Share Information

Board lot size: 1,000 shares

Shares outstanding as
at 30 June 2021: 1,596,000,000 shares

Market Capitalisation as
at 30 June 2021: HKD41,576 million

Earnings per share for the
six months ended
30 June 2021: RMB0.99

Share Registrar Transfer Offices

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Services Limited
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Management Discussion and Analysis

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 (the “Reporting Period”), 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).



Management Discussion and Analysis (Continued)

BUSINESS REVIEW (Continued)

Domestic and overseas sales

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

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

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

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (Continued)

Sales mix of PIMMs by product series (Continued)

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.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW (Continued)

Prospect (Continued)

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.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

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).

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

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. During the Reporting Period, the Group did not enter into any arrangements to hedge its foreign currency exposure.

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.

Management Discussion and Analysis (Continued)

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2021, the directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Long position in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding in the Company
Mr. Zhang Jingzhang	Corporate Interest ⁽¹⁾	514,836,219	32.26%
	Corporate Interest ⁽²⁾	493,000	0.03%
Mr. Zhang Jianming	Corporate Interest ⁽¹⁾	514,836,219	32.26%
	Corporate Interest ⁽²⁾	3,957,000	0.25%
	Personal Interest	4,212,000	0.26%
Mr. Zhang Jianfeng	Corporate Interest ⁽²⁾	1,000,000	0.06%
Mr. Liu Jianbo	Corporate Interest ⁽²⁾	520,000	0.03%
Mr. Guo Mingguang	Corporate Interest ⁽²⁾	200,000	0.01%
	Spouse Interest ⁽³⁾	227,000	0.01%
Mr. Chen Weiqun	Corporate Interest ⁽²⁾	250,000	0.02%

Notes:

- (1) Mr. Zhang Jingzhang and Mr. Zhang Jianming, both being executive directors of the Company, were deemed under the SFO to be interested in 327,042,016 shares of the Company held by Premier Capital Management (PTC) Ltd. and in 187,794,203 shares of the Company held by Cambridge Management Consultant (PTC) Ltd. As at 30 June 2021, each of Premier Capital Management (PTC) Ltd. and Cambridge Management Consultant (PTC) Ltd. was owned as to 40% and 60% by Mr. Zhang Jingzhang and Mr. Zhang Jianming respectively.
- (2) These directors were deemed under the SFO to be interested in the respective shares of the Company held by their wholly-owned investment holding companies.
- (3) Ms. Zhang Xiaofei, wife of Mr. Guo Mingguang, beneficially owned 227,000 shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the directors and chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code. At no time during the Reporting Period was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short position in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

Management Discussion and Analysis (Continued)

Interests and Short Positions of Shareholders

As at 30 June 2021, the persons or corporations (not being a Director or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified the Company were as follows:

Name of Shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding as at 30 June 2021
Sky Treasure Capital Limited	Beneficial owner	433,888,453 (L)	27.18%
Premier Capital Management (PTC) Ltd.	Beneficial owner	327,042,016 (L)	20.49%
Cambridge Management Consultants (PTC) Ltd.	Beneficial owner	187,794,203 (L)	11.77%
UBS Trustees (B.V.I.) Limited	Trustee	433,888,453 (L)	27.18%
Schroders Plc	Investment Manager ⁽¹⁾	111,560,000 (L)	6.99%

(L) denotes a long position

Note:

(1) Schroders Plc is deemed under the SFO to be interested in 111,560,000 shares held by its wholly-owned entities.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Other Information

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Hangzhou Keqiang Information Technology Co., Ltd. (“Hangzhou Keqiang”) was a company with limited liability established by the Group in Hangzhou in 2018 for the purpose of developing smart solutions which are suitable for the manufacturing industry. It is principally engaged in technology development and service businesses regarding information technology, intelligence-controlled equipment and electronic products in the PRC. On 28 May 2021, the Group entered into a share transfer agreement with Ningbo Haitian Smart Solutions Technology Co., Ltd., a connected person of the Company, in order to sell 66.5% of the equity interests of Hangzhou Keqiang. After the completion of the disposal, the Group holds no equity interests of Hangzhou Keqiang.

Save as disclosed above, there were no significant investments held by the Company, nor other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

The Company had no specific future plans for material investments or capital assets as at 30 June 2021.

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 as set out in Appendix 10 to the Listing Rules 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.

Condensed Consolidated Statement of Profit or Loss

(Amounts expressed in RMB'000 unless otherwise stated)

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:

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

Condensed Consolidated Statement of Comprehensive Income

(Amounts expressed in RMB'000 unless otherwise stated)

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

Condensed Consolidated Balance Sheet

(Amounts expressed in RMB'000 unless otherwise stated)

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

Condensed Consolidated Balance Sheet (Continued)

(Amounts expressed in RMB'000 unless otherwise stated)

	Note	30 June 2021 Unaudited	31 December 2020 Audited
Non-controlling interests		645	8,802
Total equity		14,470,413	14,786,036
LIABILITIES			
Non-current liabilities			
Deferred income		59,684	57,592
Deferred income tax liabilities		447,774	380,588
Lease liabilities		612	550
		508,070	438,730
Current liabilities			
Trade and bills payable	14	5,503,517	4,112,557
Accruals and other payables		1,444,904	1,516,812
Contract liabilities		649,342	964,110
Current income tax liabilities		232,520	254,880
Bank borrowings		1,342,750	1,318,130
Lease liabilities		655	605
		9,173,688	8,167,094
Total liabilities		9,681,758	8,605,824
Total equity and liabilities		24,152,171	23,391,860
Net current assets		6,761,222	6,958,261
Total assets less current liabilities		14,978,483	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		
Balance at 1 January 2020	160,510	1,331,913	1,543,510	10,083,130	13,119,063	6,740	13,125,803
Comprehensive income							
Profit for the period	–	–	–	1,027,987	1,027,987	(738)	1,027,249
Other comprehensive income							
Currency translation differences	–	–	(9,656)	–	(9,656)	9	(9,647)
Total comprehensive income for the period ended 30 June 2020	–	–	(9,656)	1,027,987	1,018,331	(729)	1,017,602
Transactions with owners							
Dividend paid – 2019 second interim	–	–	–	(273,571)	(273,571)	–	(273,571)
Appropriations	–	–	659	(659)	–	–	–
Total transactions with owners	–	–	659	(274,230)	(273,571)	–	(273,571)
Balance at 30 June 2020	160,510	1,331,913	1,534,513	10,836,887	13,863,823	6,011	13,869,834
Balance at 1 January 2021	160,510	1,331,913	1,613,756	11,671,055	14,777,234	8,802	14,786,036
Comprehensive income							
Profit for the period	–	–	–	1,583,757	1,583,757	(1,891)	1,581,866
Other comprehensive income							
Currency translation differences	–	–	(19,980)	–	(19,980)	(52)	(20,032)
Total comprehensive income for the period ended 30 June 2021	–	–	(19,980)	1,583,757	1,563,777	(1,943)	1,561,834
Transactions with owners							
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)
Total transactions with owners	–	–	–	(1,871,243)	(1,871,243)	(6,214)	(1,877,457)
Balance at 30 June 2021	160,510	1,331,913	1,593,776	11,383,569	14,469,768	645	14,470,413

Condensed Consolidated Statement of Cash Flows

(Amounts expressed in RMB'000 unless otherwise stated)

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
Cash flows from operating activities:			
Net cash generated from operating activities		1,478,779	1,224,703
Cash flows from investing activities:			
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		129,697	164,457
Net cash (used in)/generated from investing activities		(628,151)	157,224
Cash flows from financing activities:			
Net changes in bank borrowings		38,653	221,326
Dividends paid to the Company's shareholders		(1,871,243)	(273,571)
Net cash used in financing activities		(1,832,590)	(52,245)
Net (decrease)/increase in cash and cash equivalents		(981,962)	1,329,683
Cash and cash equivalents at beginning of period		3,746,430	1,538,360
Cash and cash equivalents at end of period		2,764,468	2,868,043

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

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.

		Effective for annual periods beginning on or after
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:

		Effective for annual periods beginning on or after
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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION

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

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:

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

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:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
	Mainland China	4,759,248
Hong Kong and overseas countries	754,119	722,097

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5. OPERATING PROFIT

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

	Six months ended 30 June	
	2021 RMB'000	2020 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)

6. FINANCE INCOME – NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Finance cost:		
Interest expenses on bank loans	(22,576)	(17,175)
Lease liabilities	(51)	(50)
	(22,627)	(17,225)
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
	96,996	60,537
Finance income – net	74,369	43,312

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current income tax		
– Mainland China enterprise income tax (“EIT”)	300,191	196,400
– Overseas income tax	27,250	18,148
Deferred taxation	48,439	41,880
	375,880	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 RMB'000	2020 RMB'000
Property, plant and equipment	456,389	177,761

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

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
	4,044,330	3,371,620
Less: provision for impairment	(105,973)	(105,558)
	3,938,357	3,266,062

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).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

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 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
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
	5,503,517	4,112,557

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

15. CAPITAL COMMITMENTS

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

16. Related Party Transactions

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Each of Sky Treasure Capital Limited, Premier Capital Management (PTC) Ltd. and Cambridge Management Consultants (PTC) Ltd. respectively holds in 433,888,453, 327,042,016 and 187,794,203 shares of the Company, representing approximately 27.18%, 20.49% and 11.77% of the issued share capital of the Company.

The following companies are considered to be related parties of the Group:

Company name	Relationships
Ningbo Haitian Precision Machinery Co., Ltd. ("Haitian Precision") (寧波海天精工股份有限公司)	Controlled by directors of the Group
Ningbo Anson CNC Technique Co., Ltd. ("Ningbo Anson") (寧波安信數控技術有限公司)	Controlled by directors of the Group
Ningbo STF Hydraulic Transmissions Co., Ltd. ("Ningbo STF") (寧波斯達弗液壓傳動有限公司)	Controlled by directors of the Group
Ningbo SPP Hydraulics Co., Ltd. ("Ningbo SPP") (寧波住精液壓工業有限公司)	Controlled by directors of the Group
Ningbo Hilectro Precision Machinery Co., Ltd. ("Hilectro Precision") (寧波海邁克精密機械製造有限公司)	Controlled by directors of the Group
Ningbo Hilectro Power Technology Co., Ltd. ("Hilectro Power") (寧波海邁克動力科技有限公司)	Controlled by directors of the Group
Ningbo Haitian Drive Systems Co., Ltd. ("HDS") (寧波海天驅動有限公司)	Controlled by directors of the Group

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16. Related Party Transactions (Continued)

(a) Transactions with related parties

The following material transactions were carried out with related parties:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(i) Purchasing of goods from:		
Ningbo Anson	451,973	258,808
Ningbo STF	113,927	66,342
Hilectro Precision	35,955	26,253
Ningbo SPP	480	216
	602,335	351,619
(ii) Purchasing of equipment from:		
Haitian Precision	19,668	–
Hilectro Power	495	27
	20,163	27
(iii) Rental fees paid to:		
HDS	1,388	1,321

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16. Related Party Transactions (Continued)

(b) Balances with related parties

The Group had the following significant balances with its related parties:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Payables arising from purchase of goods		
– Ningbo Anson	497,451	307,446
– Ningbo STF	96,409	79,112
– Hilectro Precision	31,787	26,218
– Ningbo SPP	380	206
– Hilectro Power	760	324
	626,787	413,306
Payables arising from purchase of equipment		
– Hilectro Power	1,270	1,484
– Haitian Precision	3,613	9,493
	4,883	10,977

Balances with related parties were unsecured, non-interest bearing, and had no pre-determined repayment terms.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16. Related Party Transactions (Continued)

(c) Key management compensation

Key management includes directors, general managers of certain subsidiaries, Chief Financial Officer, Investment Relations Manager, Company Secretary and the Head of Human Resources and Administration. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries and bonus	4,619	3,759
Pension costs	48	33
Other benefits	118	103
	4,785	3,895

(d) Related party commitments

Related party commitments which are contracted but not recognised in the consolidated balance sheet as at the balance sheet date are as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
	Capital commitment for acquisition of property, plant and equipment – Haitian Precision	193,140