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**If you have sold or transferred** all your shares in Haitian International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



**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)**

**REVISION OF ANNUAL CAPS  
FOR CONTINUING CONNECTED TRANSACTIONS UNDER  
THE 2021 FRAMEWORK AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Sorrento Capital Limited**

Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed "DEFINITIONS" of this circular.

A letter from the Board is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser setting out its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 29 of this circular.

A notice convening the EGM to be held at 23/F, Haitian Group Building, No.1688 Haitian Road, Beilun District, Ningbo, Zhejiang Province, China on 29 October 2021 at 3:30 p.m., is set out on pages 36 to 37 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

11 October 2021

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## DEFINITIONS

*In this circular, the following expressions have the meanings set out below unless the context otherwise requires:*

“2021 Framework Agreement”	the agreement dated 27 November 2020 entered into between Haitian Plastics Machinery as purchaser and HDS as vendor for the purchase of the Products for a term of three years commencing on 1 January 2021 and ending on 31 December 2023;
“2021 Supplemental Agreement”	the supplemental agreement dated 10 September 2021 entered into between Haitian Plastics Machinery as purchaser and HDS as vendor for revising the Existing Caps and setting out the Revised Caps for a term of three years commencing on 1 January 2021 and ended on 31 December 2023;
“associate(s)”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors of the Company;
“BVI”	the British Virgin Islands;
“Company”	Haitian International Holdings Limited, a limited liability company incorporated in the Cayman Islands;
“connected person”	has the meaning as defined in the Listing Rules;
“continuing connected transaction”	has the meaning as defined in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be held by the Company on 29 October 2021 at 3:30 p.m. to consider and, if thought fit, approve the 2021 Supplemental Agreement (including the Revised Caps);
“Existing Caps”	the existing annual caps of the Purchases under the 2021 Framework Agreement for the three years ended 31 December 2021, 2022 and 2023, as stated in the announcements of the Company dated 27 November 2020 and 8 December 2020 and the circular dated 16 December 2020;
“Group”	the Company and its subsidiaries;

## DEFINITIONS

“Haitian Plastics Machinery”	海天塑機集團有限公司 (Haitian Plastics Machinery Group Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“HDS”	寧波海天驅動有限公司 (Ningbo Haitian Drive Systems Co., Ltd.*) (previously known as 寧波海天電機有限公司), a limited liability company incorporated in the PRC and a connected person of the Company;
“HDS Hong Kong”	Haitian Driving System (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a connected person of the Company;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a committee of the Board comprising Mr. Lou Baijun, Mr. Guo Yonghui, Dr. Yu Junxian and Mr. Lo Chi Chiu, being the independent non-executive Directors, which has been formed to advise the Independent Shareholders, as to whether the 2021 Supplemental Agreement (including the Revised Caps) are entered on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how they should vote on the above resolutions after considering the recommendations of the Independent Financial Adviser;
“Independent Financial Adviser” or “Sorrento Capital”	Sorrento Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in respect of the 2021 Supplemental Agreement (including the Revised Caps);

## DEFINITIONS

“Independent Shareholders”	the shareholders of the Company other than Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Chen Weiqun and their respective associates who are required to abstain from voting on the resolution to approve the 2021 Supplemental Agreement (including the Revised Caps) at the EGM pursuant to the Listing Rules;
“Independent Third Parties”	person(s) or company(ies) which is not a connected person of the Company;
“Latest Practicable Date”	4 October 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ningbo Haitian”	寧波海天股份有限公司 (Ningbo Haitian Group Co., Ltd.*), a limited liability company incorporated in the PRC;
“PIMMs”	plastic injection moulding machineries;
“PRC”	the People’s Republic of China;
“Products”	servo systems, linear motion guides, ball screws and hydraulic parts;
“Purchases”	the purchase of the Products under the 2021 Framework Agreement and the 2021 Supplemental Agreement;
“Revised Caps”	the revised annual cap of the Purchases under the 2021 Supplement Agreement for the three years ended 31 December 2021, 2022, and 2023, as stated in the announcement of the Company dated 10 September 2021;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC;

## DEFINITIONS

“SFO” The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“%” Percentage.

\* *For identification purpose only.*



**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)**

*Executive Directors:*

Mr. ZHANG Jingzhang (*Chairman*)  
Mr. ZHANG Jianming (*Chief Executive Officer*)  
Mr. ZHANG Jianfeng  
Ms. 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

*Registered Office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in China:*

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

*Principal place of business in Hong Kong:*

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

11 October 2021

*To the Shareholders,*

Dear Sirs,

**REVISION OF ANNUAL CAPS  
FOR CONTINUING CONNECTED TRANSACTIONS UNDER  
THE 2021 FRAMEWORK AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

References are made to (i) the announcements of the Company dated 27 November 2020 and 8 December 2020 respectively and the circular dated 16 December 2020 in relation to the continuing connected transactions contemplated under the 2021 Framework Agreement entered into between the Group and HDS to purchase servo systems, linear motion guides, ball screws and hydraulic parts, and (ii) the announcement of the Company dated 10 September 2021 in relation to the 2021 Supplemental Agreement to revise the Existing Caps to the proposed Revised Caps.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) information relating to the 2021 Supplemental Agreement (including the Revised Caps) and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders on the terms of the 2021 Supplemental Agreement (including the Revised Caps) and the transactions contemplated thereunder; (iii) a letter of advice from Sorrento Capital to the Independent Board Committee and the Independent Shareholders on the terms and conditions of the 2021 Supplemental Agreement (including the Revised Caps) and the transactions contemplated thereunder; and (iv) the notice convening the EGM.

### **2. REVISION OF ANNUAL CAPS IN RESPECT OF THE 2021 FRAMEWORK AGREEMENT**

The Company has entered into the 2021 Framework Agreement on 27 November 2020 with HDS, pursuant to which, among other things, Haitian Plastics Machinery as purchaser has purchased the Products from HDS as vendor. The 2021 Framework Agreement and the Purchases contemplated thereunder together with the relevant annual caps for the three years ended 31 December 2023 were subsequently approved, confirmed and ratified by the Shareholders during an extraordinary general meeting held on 6 January 2021.

Based on the actual amounts of the Purchases made till 31 July 2021 and the projected demand of Haitian Plastics Machinery, the Company anticipates that the amount of relevant Existing Caps of the Purchases under the 2021 Framework Agreement for the three years ended 31 December 2021, 2022 and 2023 will not be sufficient to meet the demand of the Group. Accordingly, on 10 September 2021 (after trading hours) the Board resolved to enter into the 2021 Supplemental Agreement with HDS to revise the Existing Caps.

Save for the Revised Caps, all terms and conditions of the 2021 Framework Agreement shall remain unchanged. For the principal terms and details of the 2021 Framework Agreement, please refer to the announcements dated 27 November 2020 and 8 December 2020 and the circular of the Company dated 16 December 2020 respectively.

#### **Historical transaction amounts and the proposed Revised Caps**

The table below summaries the existing annual caps for the purchases of servo systems, linear motion guides, ball screws and hydraulic parts under the 2021 Framework Agreement for the three financial years ended 31 December 2021, 2022 and 2023:

	<b>Financial years ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing Caps amounts	1,050	1,100	1,200



## LETTER FROM THE BOARD

The table below summaries the actual transaction amounts of the purchases of servo systems, linear motion guides, ball screws and hydraulic parts under the 2021 Framework Agreement for the seven months ended 31 July 2021 based on the Group's unaudited management accounts:

	<b>Seven months ended 31 July 2021</b>	<b>Financial years ended 31 December</b>	
	<b>(RMB million)</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Actual transaction amounts	714.8	Not applicable	Not applicable

The Directors expect that, pursuant to the 2021 Supplemental Agreement, for the three financial years ending 31 December 2021, 2022 and 2023, the aggregate amount of the Purchases shall not exceed the annual caps set out below:

	<b>Revised Caps for the financial years ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchases of servo systems, linear motions guides, ball screws and hydraulic parts	1,250	1,300	1,360

The above proposed Revised Caps have been determined with reference to:

- (i) the historical transaction amounts for the purchases of servo systems, liner motion guides, ball screws and hydraulic parts of the Group from HDS for the seven months ended 31 July 2021;
- (ii) the sales volume of PIMMs for the seven months ended 31 July 2021 increased significantly by approximately 56.2% as compared with the corresponding period in 2020 based on the Group's unaudited operating statistics;
- (iii) the Group estimates that the growth in sales volume of PIMMs for the three financial years ended 31 December 2021, 2022 and 2023 will increase by approximately 35.6%, 5.0% and 5.0% on a year-over-year basis respectively, due to (1) the strong recovery of the PIMM industry in the PRC primarily attributable to the better control of the COVID-19 pandemic (the "Pandemic") as compared to overseas countries; and (2) the growing popularity of the Mars series PIMMs as seen from the significant increase in the Group's PIMMs sales in the PRC, the Southeast Asia, the South America and Europe by approximately 52.9%, 70.0%, 181.9% and 52.1% during the first seven months of 2021 as compared with the same period in 2020 based on the Group's unaudited operating statistics; and
- (iv) as the current production capacity of the Group of PIMMs is limited and insufficient to meet the demand of customers which resulted in the Group's rejection of certain purchase orders from its customers, the Group will further increase the production capacity of PIMMs by approximately 26.7%, 10.7% and 11.6% for the three financial years ended 31 December 2021, 2022 and 2023, respectively, by establishing new production centers in the PRC and

## LETTER FROM THE BOARD

Mexico and upgrading and enhancing automation of the current manufacturing facilities in the PRC in order for the Group to be able to accept additional purchase orders for PIMMs.

In view of the foregoing factors, the Company anticipates that the actual amounts of transactions will exceed the previous projection and that the Existing Caps will not be sufficient to meet the Group's requirement for the three years ended 31 December 2021, 2022 and 2023. Accordingly, the Company proposes to revise the Existing Caps to the proposed Revised Caps.

### **3. REASONS FOR AND BENEFITS OF THE 2021 SUPPLEMENTAL AGREEMENT**

Starting from the second half of 2020, as the Pandemic was generally more serious in overseas, casting a significant influence on the local manufacturing industry in relevant countries, while the Pandemic was better controlled in China. 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, the overall economy in China has shown signs of resuming steady development. Against this backdrop, China continued to play the key role of the world's factory. Strong demands were seen from both domestically and overseas in the PIMM industry. Needless to say, as a leader in the PIMM industry, the Company was also significantly benefitted. Based on the Company's condensed consolidated interim financial information for the six months ended 30 June 2021, 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 RMB5,015.7 million for the same period in 2020.

In the long run, the progress of vaccination and development of the Pandemic are currently the essential factors affecting the recovery of the global economy. Through the recovery of economy during the previous year and the first half of this year, the overall global economy was back on track rapidly with an optimistic prospect. The Company is full of confidence regarding the continuous recovery of the overseas business for the second half of this year. At the same time, the Pandemic has posed a great influence on the adjustment of the global industrial structure and, among which, the booming development of new energy, electric vehicles and the green economy will also inject new motivation to the PIMM industry.

In light of the surging increase in the sales and revenue of the Company resulted from the Pandemic, it is reasonable to expect the corresponding amount of purchases made by the Company from HDS will also increase significantly. Therefore, the actual amounts for each year involved in the Purchases from 2021 to 2023 will exceed the Existing Caps under the 2021 Framework Agreement.

The Directors (including the independent non-executive Directors) are of the view that the 2021 Supplemental Agreement (including the Revised Caps) are in the ordinary and usual course of business of the Group, on normal commercial terms which were arrived at after arm's length negotiations and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LETTER FROM THE BOARD

#### 4. INTERNAL CONTROL PROCEDURES FOR THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTIONS

The Group will continue to follow the internal control procedures and pricing policies as stated in the announcements of the Company dated 27 November 2020, 8 December 2020 and 10 September 2021 and the circular dated 16 December 2020 respectively when conducting the Purchases contemplated under the 2021 Framework Agreement and the 2021 Supplemental Agreement. The aforementioned internal control procedures and pricing policies under the 2021 Framework Agreement are set out below for easy reference:

- (i) regarding each of the four categories of the Products, namely servo systems, linear motions guides, ball screws and hydraulic parts, the Group will select not less than five types of parts within each category for pricing comparison and determination;
- (ii) in relation to servo systems, linear motion guides and hydraulic parts, the procurement department of the Group will request supporting documents from HDS in relation to the prices of same or similar Products (excluding ball screws) sold by HDS to not less than two independent customers, on a quarterly basis, and compare against the prices which HDS offered to the Group, in order to ensure the prices of the Products (excluding ball screws) purchased by the Group from HDS are comparable to the prices offered by HDS to its independent customers. As the market prices for the Products are generally stable throughout a year, hence the Directors are of the view that the Group's request of supporting documents from HDS on a quarterly basis is sufficient to ensure that the prices of the Products (excluding ball screws) purchased by the Group from HDS are not higher than the prices offered by HDS to its independent customers;
- (iii) in relation to servo systems, linear motion guides and hydraulic parts, the procurement department of the Group will (i) review the prices offered by its existing suppliers which are Independent Third Parties and (ii) obtain quotations from other suppliers in the market which are Independent Third Parties for the same or similar type of Products (excluding ball screws) which can meet the technical specifications of the Group and of satisfactory quality accepted by the Group, and in total not less than two independent suppliers, and compare against the prices which HDS offered to the Group, on a quarterly basis, in order to ensure the prices of the Products (excluding ball screws) purchased by the Group from HDS are not higher than the prices of comparable types of products manufactured by Independent Third Parties. As the market prices for the Products are generally stable throughout a year, the Directors are of the view that the Group's quarterly review and request of quotations from Independent Third Parties are sufficient to ensure that the prices of the Products (excluding ball screws) purchased by the Group from HDS are not higher than the prices of comparable types of products manufactured by Independent Third Parties;
- (iv) in relation to ball screws, as the actual transaction amounts for the financial years ended 31 December 2018, 2019 and 2020 and the seven months ended 31 July 2021 are only RMB3,742, RMB708, nil and RMB4,040 respectively, the Group will carry out the internal control procedures stated in (i) to (iii) above on an annual basis instead; and

## LETTER FROM THE BOARD

- (v) if the procurement department of the Group discovers any deviation from the procedures stated above, the Group will request HDS to adjust its product prices and in the event that HDS fails to meet such request(s), the Group will procure the products from other suppliers which can offer comparable products that can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group, at more competitive prices.

The independent non-executive Directors will review the continuing connected transactions under the 2021 Supplemental Agreement (including the Revised Caps) and the 2021 Framework Agreement annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies set out in such relevant agreements.

The Company's external auditors will review the continuing connected transactions under the 2021 Supplemental Agreement (including the Revised Caps) and the 2021 Framework Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded. HDS has agreed to allow the Company and its external auditors to access the information necessary to report on the non-exempt continuing connected transactions contemplated under the 2021 Supplemental Agreement (including the Revised Caps) and the 2021 Framework Agreement.

The Company will continue to closely monitor the implementation of the 2021 Supplemental Agreement (including the Revised Caps) and the 2021 Framework Agreements and take prompt action to make necessary disclosure and obtain Independent Shareholders' approval in the event that any adjustment to an annual cap becomes foreseeable.

### **5. FURTHER INFORMATION ON THE PARTIES**

The Group is principally engaged in the design, development, manufacture and sales of PIMMs and related parts.

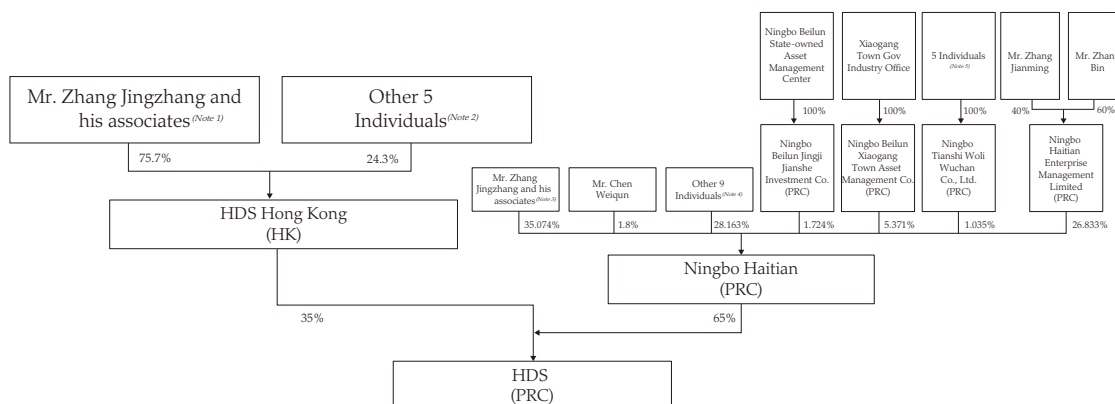
Haitian Plastics Machinery is a company established in the PRC and is a major operating subsidiary of the Company. It is primarily engaged in manufacture and sales of PIMMs.

HDS is a company established in the PRC and is primarily engaged in the research and development, manufacture and sales of servo system, linear motion guide, machinery robot, fork lift and other industrial machinery tools.

## LETTER FROM THE BOARD

Set out below is the simplified ownership structure chart of HDS showing its ultimate beneficial owners:

### Ownership Structure Chart



*Note 1:* Each of Mr. Zhang Jingzhang, Mr. Zhang Jianming, Zhang Jianfeng, Mr. Liu Jianbo and Mr. Guo Mingguang, through their respective wholly- owned BVI company, holds 9.6%, 42.9%, 7.2%, 12% and 4% equity interest of Haitian Driving System (Hong Kong) Limited respectively.

*Note 2:* Other 5 Individuals are Ms. Chen Ningning, Mr. Fang Zhiguo. Mr. Shi Huajun, Mr. Yue Wei and Ms. Zhu Yuli.

*Note 3:* Each of Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo respectively holds 14.1%, 10.266%, 4.4%, 3.2% and 3.108% equity interest of Ningbo Haitian Co., Ltd.

*Note 4:* Other 9 Individuals holding 28.163% equity interest in Ningbo Haitian are Ms. Hu Min, Mr. Zhang Jianguo, Mr. Zhang Jinglai, Mr. Qian Yaoen, Ms. Chen Ningning, Mr. Yu Wenxian, Mr. Bei Haibo, Mr. Shui Caiyi and Mr. Hu Baohua.

*Note 5:* 5 Individuals holding 100% equity interest in Ningbo Tianshi Woli Wuchan Co., Ltd. are Mr. Wang Weigang, Mr. Ni Guoming, Ms. Liu Xiaohong, Mr. Zhao You and Mr. Mao Jianying.

## 6. LISTING RULES IMPLICATIONS

HDS is owned as to 65% by Ningbo Haitian and 35% by HDS Hong Kong. Mr. Zhang Jingzhang, the chairman of the Board, and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, both executive Directors and sons of Mr. Zhang Jingzhang, and Mr. Guo Mingguang and Mr. Liu Jianbo, both non-executive Directors and the son-in-laws of Mr. Zhang Jingzhang) are interested in an aggregate of 35.074% equity interests in Ningbo Haitian and 75.7% shareholding in HDS Hong Kong. Mr. Chen Weiqun, one of the executive Director, is interested in 1.8% equity interest in Ningbo Haitian. Pursuant to Rule 14A.07 of the Listing Rules, HDS is a connected person of the Company and the transaction contemplated under the 2021 Supplemental Agreement (including the Revised Caps) will constitute continuing connected transactions of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the 2021 Supplemental Agreement (including the Revised Caps) are higher than 5% on an annual basis, the 2021 Supplemental Agreement (including the Revised Caps) will be subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

Each of Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo and Mr. Chen Weiqun has material interest in the transactions contemplated under the 2021 Supplemental Agreement (including the Revised Caps) by virtue of their interests in HDS and therefore is required to abstain from voting on the Board resolution approving the said agreement and the annual cap. As at the date of this announcement, Mr. Zhang Bin has neither held nor owned any interest in HDS. Nonetheless, to avoid perception of conflicts of interest, Mr. Zhang Bin has voluntarily abstained from voting on the relevant Board resolutions and, to the extent applicable, will voluntarily abstain from voting at the EGM on the relevant resolutions to be approved by the Independent Shareholders. Save and except for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the 2021 Supplemental Agreement (including the Revised Caps) and was required to abstain from voting on the Board resolutions to approve the same.

### **7. EGM, PROXY ARRANGEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL**

A notice convening the EGM to be held at 23/F, Haitian Group Building, No. 1688 Haitian Road, Beilun District, Ningbo, Zhejiang Province, China on 29 October 2021 at 3:30 p.m., is set out on pages 36 to 37 of this circular at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

The register of members of the Company will be closed from 26 October 2021 to 29 October 2021 (both days inclusive), during which time no transfer of Shares will be registered. In order to be qualified for attending and voting at the EGM, all transfer documents together with the relevant share certificate must be lodged the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 25 October 2021.



## LETTER FROM THE BOARD

The parties set out below, who control or are entitled to exercise control over the voting rights in respect of their own shares in the Company and therefore have a material interest in the 2021 Supplemental Agreement (including the Revised Caps) and the transactions contemplated thereunder, are required to abstain from voting on the resolution(s) approving the 2021 Supplemental Agreement (including the Revised Caps) at the EGM under the Listing Rules:

- (i) Premier Capital Management (PTC) Ltd., which holds 327,042,016 issued shares of the Company (representing approximately 20.49% shareholding of the Company) as at the Latest Practicable Date and is an associate of Mr. Zhang Jingzhang and Mr. Zhang Jianming;
- (ii) Cambridge Management Consultants (PTC) Ltd., which holds 187,794,203 issued shares of the Company (representing approximately 11.77% shareholding of the Company) as at the Latest Practicable Date and is an associate of Mr. Zhang Jingzhang and Mr. Zhang Jianming;
- (iii) Fiery Force Inc., an investment holding company wholly-owned by Mr. Zhang Jingzhang, which holds 493,000 issued shares of the Company (representing approximately 0.03% shareholding of the Company) as at the Latest Practicable Date;
- (iv) Mr. Zhang Jianming, executive Director and chief executive officer of the Company, and Haitian Asset Management Limited and Lordachieve Investments Ltd., the investment holding companies wholly-owned by Mr. Zhang Jianming, which together hold 8,169,000 issued shares of the Company (representing approximately 0.51% shareholding of the Company) as at the Latest Practicable Date;
- (v) Sino Thrill International Limited, an investment holding company wholly-owned by Mr. Zhang Jianfeng which holds 1,000,000 issued shares of the Company (representing approximately 0.06% shareholding of the Company) as at the Latest Practicable Date;
- (vi) Broad Commend Limited, an investment holding company wholly-owned by Mr. Liu Jianbo, which holds 470,000 issued shares of the Company (representing approximately 0.03% shareholding of the Company) as at the Latest Practicable Date;
- (vii) Ocean Violet Limited, an investment holding company wholly-owned by Mr. Guo Mingguang, which holds 100,000 issued shares of the Company (representing approximately 0.01% shareholding of the Company) as at the Latest Practicable Date;
- (viii) Ms. Zhang Xiaofei, wife of Mr. Guo Mingguang, who holds 177,000 issued shares of the Company (representing approximately 0.01% shareholding of the Company) as at the Latest Practicable Date; and

## LETTER FROM THE BOARD

- (ix) Grace Triumph Limited, an investment holding company wholly-owned by Mr. Chen Weiqun, which holds 250,000 issued shares of the Company (representing approximately 0.02% shareholding of the Company) as at the Latest Practicable Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in this circular, no other Shareholder has a material interest in the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps and is required to abstain from voting on the relevant resolution at the EGM.

### **8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all four independent non-executive Directors has been formed to consider the terms of the 2021 Supplemental Agreement and the transactions contemplated thereunder and the Revised Caps. Sorrento Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on such matters.

### **9. RECOMMENDATION**

The Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps are in the ordinary and usual course of business of the Group, on normal commercial terms which were arrived at after arm's length negotiations and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) recommend all the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps.



## LETTER FROM THE BOARD

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter from Sorrento Capital as set out on pages 18 to 29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2021 Supplemental Agreement (including the Revised Caps).

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
**Haitian International Holdings Limited**  
**Zhang Jingzhang**  
*Chairman*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the 2021 Supplemental Agreement (including the Revised Caps), which has been prepared for the purpose of inclusion in this circular.*



### 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)**

11 October 2021

*To the Independent Shareholders*

Dear Sirs,

### **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS ON PURCHASE OF SERVO SYSTEMS, LINEAR MOTION GUIDES, BALL SCREWS AND HYDRAULIC PARTS**

#### **INTRODUCTION**

We refer to a circular (the “**Circular**”) of the Company dated 11 October 2021 of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you whether the terms of the 2021 Supplemental Agreement (including the Revised Caps) are fair and reasonable, whether the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps are in the interests of the Company and its shareholders as a whole and to advise the shareholders on how to vote for the resolution at the EGM. Sorrento Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 16 to 17 of the Circular and the letter from Sorrento Capital as set out on pages 18 to 29 of the Circular, which contains, *inter alia*, its advice and recommendation regarding the terms of the 2021 Supplemental Agreement (including the Revised Caps) with the principal factors and reasons for its advice and recommendation.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

### RECOMMENDATION

Having considered the terms of the 2021 Supplemental Agreement (including the Revised Caps) and taking into account the advice and recommendation of the Independent Financial Adviser, we are of the view that the transactions contemplated under the 2021 Supplemental Agreement and the Revised Caps are in the ordinary and usual course of business of the Company, and terms of the 2021 Supplemental Agreement (including the Revised Caps) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM thereby approving the 2021 Supplemental Agreement (including the Revised Caps).

Yours faithfully,  
For and on behalf of  
Independent Board Committee  
**Mr. Lou Baijun**  
**Mr. GUO Yonghui**  
**Dr. Yu Junxian**  
**Mr. Lo Chi Chiu**  
*Independent non-executive Directors*

## LETTER FROM SORRENTO CAPITAL

*The following is the text of the letter of advice from Sorrento Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in relation to the revision of the Existing Caps for the purchases of servo systems, linear motion guides, ball screws and hydraulic parts which has been prepared for the purpose of inclusion in this circular.*



11/F,  
The Wellington,  
198 Wellington Street,  
Central,  
Hong Kong

11 October 2021

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE 2021 FRAMEWORK AGREEMENT

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the renewal of continuing connected transactions (the “**Continuing Connected Transactions**” or the “**Purchases**”) for the purchases of servo systems, linear motion guides, ball screws and hydraulic parts (the “**CCT Products**”) by the Group from 寧波海天驅動有限公司 (transliterated as Ningbo Haitian Driving Systems Co., Ltd., hereinafter referred as “**HDS**”) and the revised annual caps (the “**Revised Caps**”) under the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement) for the three financial years ending 31 December 2023, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 11 October 2021 (the “**Circular**”), of which this letter forms part. The relevant transactions contemplated under the 2021 Framework Agreement were approved by the then Independent Shareholders at the extraordinary general meeting held on 6 January 2021. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

According to the Letter from the Board, HDS is owned as to 65% by Ningbo Haitian and 35% by HDS Hong Kong. Mr. Zhang Jingzhang, the chairman of the Board, and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, both executive Directors and sons of Mr. Zhang Jingzhang, and Mr. Guo Mingguang and Mr. Liu Jianbo, both non-executive Directors and the son-in-laws of Mr. Zhang Jingzhang) are interested in an aggregate of 35.074% equity interest in Ningbo Haitian and 75.7% equity interest in HDS Hong Kong. Mr. Chen Weiqun, one of the executive Directors, is interested in 1.8%

## LETTER FROM SORRENTO CAPITAL

equity interest in Ningbo Haitian. Pursuant to Rule 14A.07 of the Listing Rules, HDS is a connected person of the Company and the transaction contemplated under the 2021 Supplemental Agreement (including the Revised Caps) will constitute continuing connected transactions of the Company. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the 2021 Supplemental Agreement (including the Revised Caps) are higher than 5% on an annual basis, the 2021 Supplemental Agreement (including the Revised Caps) will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Lou Baijun, Mr. Guo Yonghui, Dr. Yu Junxian and Mr. Lo Chi Chiu, all being the independent non-executive Directors, has been established by the Board to consider the terms of the 2021 Supplemental Agreement (including the Revised Caps) and to make recommendation to the Independent Shareholders as regards voting. We, Sorrento Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 2021 Supplemental Agreement (including the Revised Caps) are normal commercial and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Since, as at the Latest Practicable Date (i) Premier Capital Management (PTC) Ltd., which holds 327,042,016 issued shares of the Company (representing approximately 20.49% shareholding of the Company) and is an associate of Mr. Zhang Jingzhang and Mr. Zhang Jianming; (ii) Cambridge Management Consultants (PTC) Ltd., which holds 187,794,203 issued shares of the Company (representing approximately 11.77% shareholding of the Company) and is an associate of Mr. Zhang Jingzhang and Mr. Zhang Jianming; (iii) Fiery Force Inc., an investment holding company wholly-owned by Mr. Zhang Jingzhang, which holds 493,000 issued shares of the Company (representing approximately 0.03% shareholding of the Company); (iv) Mr. Zhang Jianming, executive Director and chief executive officer of the Company, and his two wholly-owned investment holding companies, which together hold 8,169,000 issued shares of the Company (representing approximately 0.51% shareholding of the Company); (v) Sino Thrill International Limited, an investment holding company wholly-owned by Mr. Zhang Jianfeng which holds 1,000,000 issued shares of the Company (representing approximately 0.06% shareholding of the Company); (vi) Broad Commend Limited, an investment holding company wholly-owned by Mr. Liu Jianbo, which holds 470,000 issued shares of the Company (representing approximately 0.03% shareholding of the Company); (vii) Ocean Violet Limited, an investment holding company wholly-owned by Mr. Guo Mingguang, which holds 100,000 issued shares of the Company (representing approximately 0.01% shareholding of the Company); (viii) Ms. Zhang Xiaofei, wife of Mr. Guo Mingguang, who holds 177,000 issued shares of the Company (representing approximately 0.01% shareholding of the Company); and (ix) Grace Triumph Limited, an investment holding company wholly-owned by Mr. Chen Weiqun, which holds 250,000 issued shares of the Company (representing approximately 0.02% shareholding of the Company), they are required abstain from voting on the resolution(s) approving the 2021 Supplemental Agreement (including the Revised Caps) at the EGM. As at the Latest Practicable Date, Mr. Zhang Bin has neither held nor owned any interest in HDS.

## LETTER FROM SORRENTO CAPITAL

Nonetheless, to avoid perception of conflicts of interest, Mr. Zhang Bin has voluntarily abstained from voting on the relevant Board resolutions and, to the extent applicable, will voluntarily abstain from voting at the EGM on the relevant resolution to be approved by the Independent Shareholders.

We are independent from and not connected with the Group, HDS, their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules. During the last two years, except for acting as independent financial adviser in relation to the connected transactions of the Group (details of transactions were disclosed in circular of the Company dated 16 December 2020 and announcement of the Company dated 28 May 2021 respectively), we have not been engaged as any financial adviser to the Company. Accordingly we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Purchases.

### **BASIS AND ASSUMPTIONS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, opinions and representations expressed to us by the Directors and management of the Company. We have assumed that (i) all such statements, information, opinions and representations expressed to us by the Directors and management of the Company, for which they are solely responsible, are true, accurate and complete in all material aspects at the time they were made and up to the date of the Circular; and (ii) all the opinions and representations have been reasonably made by the Directors and the management of the Company after due and careful enquiry. We have also assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. We have also sought and obtained confirmation from the Directors and/or management of the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries, nor have we carried out any independent verification of the information supplied.

**PRINCIPAL FACTORS AND REASONS CONCERNED**

In considering whether the terms of the 2021 Supplemental Agreement (including the Revised Caps) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

**1. Background of and reasons for revision of the Existing Caps by entering into the 2021 Supplemental Agreement**

As set out in the Letter from the Board, the Group is principally engaged in the design, development, manufacture and the sales of plastic injection moulding machines (“PIMMs”) and related parts. According to the annual report of the Company for the year ended 31 December 2020, the Company recorded a revenue of approximately RMB11.8 billion for the year ended 31 December 2020 representing an increase of approximately 20.4% as compared to that of approximately RMB9.8 billion for the previous year. According to the interim report of the Company for the six months ended 30 June 2021, the Company recorded a revenue of approximately RMB8.2 billion for the six months ended 30 June 2021 representing an increase of approximately 64.0% as compared to that of approximately RMB5.0 billion for the same period in previous year. The PRC remained as the largest geographic market of the Company, and revenue from the sales in the PRC represented approximately 70.2% and 69.5% (unaudited) of the total revenue for the year ended 31 December 2020 and the six months ended 30 June 2021 respectively.

As set out in the Letter from the Board, Haitian Plastics Machinery is a major operating subsidiary of the Company primarily engaged in the manufacture and sales of PIMMs whereas HDS is primarily engaged in research and development, manufacture and sales of servo system, linear motion guides, machinery robot, fork lift and other industrial machinery tools. As advised by the Company, the CCT Products are essential components to be used in the Group’s production of most PIMMs such as Mars series energy-saving PIMMs (the “**Mars Series**”), Zhafir electric PIMMs (the “**Zhafir Series**”), hydraulic PIMMs of Mars Series and large two-plate PIMMs of Jupiter series (the “**Jupiter Series**”), IA series multi-colour PIMMs (the “**IA Series**”). In particular, the servo systems supplied by HDS are one of the core components used in the production of Mars Series and third-generation of the Group’s existing products and they can also supplement the systems installed in the Group’s Zhafir Series. As further set out in the Letter from the Board, starting from the second half of 2020, as the COVID-19 Pandemic was generally more serious in overseas, casting a significant influence on the local manufacturing industry in relevant countries, while the COVID-19 Pandemic was better controlled in the PRC, strong demands were seen from both domestically and overseas in the PIMM industry. At the same time, the COVID-19 Pandemic has posed a great influence on the adjustment of the global industrial structure and, among which, the booming development of new energy, electric vehicles and the green economy will also inject new motivation to the PIMM industry.

## LETTER FROM SORRENTO CAPITAL

In light of the importance of such components in the Group's production of PIMMs and the increase in sales volume of PIMMs in the first half of 2021 was far beyond the Company's expectation, the Directors consider that it is vital that the Group is able to secure more supply of such core components from a reliable supplier and revise the existing annual caps (the "Existing Caps") for the three financial years ending 31 December 2023 under the 2021 Framework Agreement to cope with the anticipated demand of the Group's products.

We have reviewed the Group's historical sales breakdown by product series for the three years ended 31 December 2020 and the seven months ended 31 July 2021 and noted that sales of Mars Series, Zhafir Series, Jupiter Series and IA Series (collectively the "Applicable Product Series") represented over 90% of the Group's total sales in each year/period. As advised by the Company, these products are expected to continue to contribute substantially to the sales of the Group, it is vital that the Group is able to secure supply of such core components from a reliable supplier such as HDS. HDS has agreed that the prices of the CCT Products supplied to the Group will not be higher than the prices of comparable types of similar products manufactured by independent third parties which can meet the technical specifications required by the Group's PIMMs and of satisfactory quality accepted by the Group.

Furthermore, the Group has been purchasing servo systems from HDS since 2009 and linear motion guides and hydraulic parts from HDS since 2012 and qualities of such products supplied by HDS had consistently met the Group's requirements. Having taken into consideration the abovementioned, in particular that (i) the CCT Products are mainly used in the production of the Group's Applicable Product Series; and (ii) the Group's Applicable Product Series contributed substantially to the Group's revenue, we consider that there is commercial rationale for the Group to revise the Existing Caps by entering into the 2021 Supplemental Agreement in order to further conduct the Purchases and the Purchases under the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement) are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.



## LETTER FROM SORRENTO CAPITAL

### 2. Principal terms of the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement)

According to the Letter from the Board, save for the Revised Caps, all terms and conditions of the 2021 Framework Agreement shall remain unchanged. Pursuant to the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement), HDS will continue to sell and it will continue to procure its subsidiaries and associates to sell the CCT Products to Haitian Plastics Machinery or other members of the Group subject to entering into separate sale and purchase agreements or orders as agreed between (i) Haitian Plastics Machinery or other member of the Group and (ii) HDS or its subsidiary or associate for a term commencing from 1 January 2021 to 31 December 2023. The terms of such sale and purchase contracts or orders should be fair and reasonable to both parties and the terms at which HDS offers the CCT Products to Haitian Plastics Machinery shall be no less favourable than the terms at which HDS offers to its independent third parties for the same or similar products.

The consideration shall be settled via bank remittance within 90 days after account entry for goods delivered having been made by the Group or by bank drafts payable in six months. Haitian Plastics Machinery is under no obligation to purchase any specific amount of the CCT Products from HDS and has the right to purchase such products from other third parties as it deems fit.

The prices of the CCT Products will be determined with reference to the prices at which same or similar products (i) are sold by HDS to its independent third parties; and (ii) are purchased by Haitian Plastics Machinery from its independent third parties (the “**Reference Prices**”) as explained in the following:

- (i) HDS has agreed that the prices of the CCT Products shall not be higher than (i) the price at which HDS supplies same or similar products to its independent third parties; and (ii) the reasonable prices of the same model of the CCT Products Haitian Plastics Machinery purchased from the Independent Third Parties provided that such reference models can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group; and
- (ii) Upon request by Haitian Plastics Machinery, HDS is obliged to provide supporting documents in relation to the Reference Prices, including but not limited to agreements and invoices.

We have analysed the key terms of the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement) in the ensuing sections, in relation to the aspects of the Revised Caps and the measures to safeguard interests of Independent Shareholders, and formed our view in the paragraph headed “RECOMMENDATION”.

## LETTER FROM SORRENTO CAPITAL

### 3. Revised Caps and basis of determination

The below table sets out (i) the historical transaction amounts for the purchase of the CCT Products by the Group from HDS for each of the three years ended 31 December 2020 under the previous framework agreement dated 26 January 2018 entered into between Haitian Plastics Machinery and HDS (the “**2018 Framework Agreement**”) and the seven months ended 31 July 2021 under the 2021 Framework Agreement (collectively the “**Historical CCT Period**”); (ii) the previous annual caps for each of the three financial years ending 31 December 2020 and the Existing Caps for each of the three financial years ending 31 December 2023; and (iii) the Revised Caps in respect of the purchase of the CCT Products by the Group from HDS pursuant to the 2021 Supplemental Agreement for the each of the three financial years ending 31 December 2023:

	Historical transaction amounts/annual caps for the year ended/ending 31 December					
	2018	2019	2020	2021	2022	2023
Previous/Existing Caps <i>(RMB' million)</i>	1,000	1,100	1,200	1,050	1,100	1,200
Historical transaction amount <i>(RMB' million)</i>	810.9	666.0	894.6	714.8 <i>(note)</i>	N/A	N/A
Revised Caps <i>(RMB' million)</i>	N/A	N/A	N/A	1,250	1,300	1,360

*Note:* Being the transaction amount under the 2021 Framework Agreement for the seven months ended 31 July 2021.

In order to assess the fairness and reasonableness of the Revised Caps, we have obtained, on quarterly basis, the sample invoices of the Group’s purchases of the CCT Products from HDS as well as the price quotation of comparable products from the Company’s independent third party suppliers, during the Historical CCT Period. As advised by the Company, the Group purchased insignificant amount of ball screws as to approximately RMB8,489.6 during the entire Historical CCT Period for trial use. Therefore major categories of the CCT Products (the “**Sampling Product Categories**”), being servo systems, linear motion guides and hydraulic parts, selected for our sampling collectively represented approximately 99.9996% of the total transaction amount of the CCT Products during the Historical CCT Period. For each of the Sampling Product Categories, we have reviewed an invoice in the largest transaction amount within each quarter (if there was transaction recorded) during the Historical CCT Period (i.e. 45 invoices in total). We have obtained the product list relevant to each invoice and reviewed the unit prices of the item with the largest transaction amount and, on the other hand, we have requested two sets of corresponding third party quotations for comparing the unit prices of selected items. Given (i) the total transaction amount of the Sampling Product Categories represent almost the total transaction amount of the CCT Products during the

## LETTER FROM SORRENTO CAPITAL

Historical CCT Period; (ii) the transaction amounts of the selected items are the largest in sample invoices we have obtained; and (iii) our sampling frequency (i.e. quarterly review) allow us to assess the pricing of the Sampling Product Categories in regular interval during the Historical CCT Period irrespective of any seasonality factor, we consider that our sample size is sufficient and representative. We noted from the abovementioned sample invoices and price quotations that the unit prices of the CCT Products purchased from HDS are comparable to those the Group were quoted by its independent third party suppliers.

As regards the Revised Caps to be sought for each of the three financial years ending 31 December 2023, we have obtained and reviewed the expected sales of the CCT Products summing roughly up the Revised Caps. We understand from the Company that such estimates were prepared with reference to (i) the actual transaction amount of the CCT Products of approximately RMB714.8 million for the seven months ended 31 July 2021 (unaudited) and expected transaction amount of the CCT Products of approximately RMB1,225 million for the financial year ending 31 December 2021 on annualised basis; (ii) the expected annual growth of the total revenue of the Group of approximately 5% for both 2022 and 2023 respectively which is same as those when determining the Existing Caps; (iii) the stable contribution of the Applicable Product Series, being 97% of the total revenue of the Group for each of the three financial years ending 31 December 2023; and (iv) the stable cost-to-sales percentage of 8% (being the value of the Purchases over the sales of the Applicable Product Series) for each of the three financial years ending 31 December 2023). Based on the abovementioned, the Company expects the transaction amounts of the CCT Products to be (i) approximately RMB1,250 million for the financial year ending 31 December 2021; (ii) approximately RMB1,300 million for the financial year ending 31 December 2022; and (iii) approximately RMB1,360 million for the financial year ending 31 December 2023 respectively.

As part of our due diligence review, we have analysed the fairness and reasonableness of the Revised Caps as follows.

### *Historical and expected sales of the Group*

We have reviewed the historical transaction amounts of the CCT Products under the 2018 Framework Agreement and noted that the utilization rate of the previous annual caps were approximately 81.1%, 60.6% and 74.6% for 2018, 2019 and 2020 respectively. According to the annual report of the Company for the year ended 31 December 2019, 2019 witnessed the most difficult year for global economy since the financial crisis in 2008 under the gloom of trade conflicts between the major economies and amidst the lowest growth of global economy over the past decade, the total sales revenue of the Company decreased by approximately 9.60% and particularly domestic product sales of the Group dropped by approximately 15.57% during the year ended 31 December 2019 as compared to 2018. As advised by the Company, the CCT Products can be applied in the majority of products of the Group, and therefore the drop in overall sales of the Group in 2019 have led to the reduction in purchase of relevant components and parts including the CCT

## LETTER FROM SORRENTO CAPITAL

Products and thus the lower utilization rate of annual cap. For the seven months ended 31 July 2021, the actual transaction amount of approximately RMB714.8 million has exceeded the proportionate Existing Cap by approximately 16.7%. We were advised by the Company that such increase in the Purchases was mainly due to COVID-19 Pandemic being generally more serious in overseas which cast a significant influence on the local manufacturing industry in relevant countries whereas it has been better controlled in the PRC leading to the increase in sales volume of PIMMs in the first half of 2021.

Therefore, after considering (i) the recovery of economy since the control of COVID-19 in the PRC; (ii) the improvement in sales after the launch of new generation products as well as the significant increase in sales of Mars Series (certain of which relating to pandemic-related medical products and packaging products) by approximately 58.3% during the first half of 2021 as compared with same period in 2020; (iii) the significant increase in the sales of PIMMs of the Group in certain overseas countries, such as India, Brazil, Thailand, Turkey, Vietnam and Russia during the first half of 2021 as compared with the same period in 2020; and (iv) the planned expansion of production scale of the Group in future, the Company anticipates an improvement in demand of the products of the Group and expected growth of the total revenue of the Group from 1 January 2021 to 31 December 2023 at an annual growth rate of approximately 35% for 2021 and 5% for 2022 and 2023 respectively thus the corresponding need of CCT Products from HDS.

As part of our due diligence, we have enquired the Company as to the expected increase in total sales of the Group for the three financial years ending 31 December 2023 and obtained the expansion plan of production scale of the Group. Upon review, we noted that the Group plans to set up its new production bases in the PRC and Mexico such that the total production capacity of the Group is expected to increase by approximately 26.7% by the end of 2021. By the end of 2022, new production facilities as well as automated facilities of the Group are expected to be in operation which would contribute an additional production capacity of approximately 10.7%. By the end of 2023, another production base in the PRC is also expected to be in operation which would further increase the production capacity of the Group by approximately 11.6%. Having considered the aforesaid improvement in sales of the Group in 2020 and the expansion plan of the Group from 2021 to 2023, we concur with the Company's basis to project its expected total sales with the support of its expansion plan in near future and are of the view that the expected annual growth rate of sales are reasonable.

### *Sales mix of PIMMs by product series of the Group*

We have obtained and reviewed the sales breakdown of the Group and noted that the sales of the Applicable Product Series represented over 96% of the total sales of the Group during the Historical CCT Period. Therefore, it is reasonable for the Company to assume the percentage sales of the Applicable Product Series with reference to the stable parameter in the past.

## LETTER FROM SORRENTO CAPITAL

### *Cost proportion of the Applicable Product Series*

We discussed with the management of the Group and reviewed the Group's historical transaction amounts of the CCT Products for each of the three years ended 31 December 2020 and the seven months ended 31 July 2021, and noted that these transaction amounts, as cost, represented over 7% of the sales of the Applicable Product Series during the aforesaid year/period. We have also enquired the management of the Company and were confirmed that the CCT Products will continue to be applicable in almost all of the Applicable Product Series notwithstanding the launch of new generation products and the expansion of production scale and therefore there should be no material change in proportion of CCT Products-related costs of the Applicable Product Series in near future. Therefore, it is reasonable for the Company to assume the cost proportion of the Applicable Product Series with reference to the stable past percentage.

Having considered the factors above, we are of the view that the bases on which the Revised Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole and the Revised Caps are fair and reasonable, and we consider that the Purchases are to be carried out on normal commercial terms and in the ordinary and usual course of business.

#### **4. Internal control measures within the Group**

As advised by the Company, the Company has adopted certain measures to ensure that the Continuing Connected Transactions are properly controlled and monitored and in compliance with the Listing Rules:

- (i) regarding each of the four categories of the CCT Products, the Group will select not less than five types of parts within each category for pricing comparison and determination;
- (ii) in relation to the CCT Products under the Sampling Product Categories, the procurement department of the Group will request supporting documents from HDS in relation to the Reference Prices of same or similar products sold by HDS to not less than two customers which are independent third parties, on quarterly basis, and compare against the prices which HDS offered to the Group, in order to ensure the prices of the CCT Products under the Sampling Product Categories purchased by the Group from HDS are comparable to the prices offered by HDS to its independent customers. As the market prices for the CCT Products are generally stable throughout a year, hence the Directors are of the view that the Group's request of supporting documents from HDS on a quarterly basis is sufficient to ensure that the prices of the Products (excluding ball screws) purchased by the Group from HDS are not higher than the prices offered by HDS to its independent customers;

## LETTER FROM SORRENTO CAPITAL

- (iii) in relation to the CCT Products under the Sampling Product Categories, the procurement department of the Group will (i) review the prices offered by its existing suppliers which are Independent Third Parties; and (ii) obtain quotations from other suppliers in the market which are Independent Third Parties for the same or similar type of products which can meet the technical specifications of the Group and of satisfactory quality accepted by the Group, and in total not less than two independent suppliers, and compare against the prices which HDS offered to the Group, on a quarterly basis, in order to ensure the prices of the CCT Products under the Sampling Product Categories purchased by the Group from HDS are not higher than the prices of comparable types of products manufactured by Independent Third Parties. As the market prices for the CCT Products are generally stable throughout a year, the Directors are of the view that the Group's quarterly review and request of quotations from Independent Third Parties are sufficient to ensure that the prices of the CCT Products under the Sampling Product Categories purchased by the Group from HDS are not higher than the prices of comparable types of products manufactured by Independent Third Parties;
- (iv) in relation to ball screws, as the total actual transaction amount for the Historical CCT Period was only approximately RMB8,489.6, the Group will carry out the internal control procedures stated in (i) to (iii) above on an annual basis instead;
- (v) if the procurement department of the Group discovers any deviation from the procedures stated above, the Group will request HDS to adjust its product prices and in the event that HDS fails to meet such request(s), the Group will procure the products from other suppliers which can offer comparable products that can meet the technical specifications required by the Group and of satisfactory quality accepted by the Group, at more competitive prices;
- (vi) the independent non-executive Directors will review the Continuing Connected Transactions under the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement) and the Revised Caps annually to check and confirm whether such Continuing Connected Transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such Continuing Connected Transactions are conducted in accordance with the pricing policies set out in such relevant agreements; and



## LETTER FROM SORRENTO CAPITAL

- (vii) the Company's external auditors will review the Continuing Connected Transactions under the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement) and the Revised Caps annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant Revised Caps have been exceeded. HDS has agreed to allow the Company and its external auditors to access the information necessary to report on the non-exempt continuing connected transactions contemplated under the 2021 Framework Agreement (as amended and supplemented by the 2021 Supplemental Agreement).

Having considered the abovementioned, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Revised Caps; (ii) the abovementioned internal control measures adopted by the Company; and (iii) the ongoing review by the audit committee and the auditors of the Company of the terms of the Continuing Connected Transactions and the Revised Caps not being exceeded, we are of the view that the Company has established appropriate and effective internal control procedures to ensure the 2021 Framework Agreement and the 2021 Supplemental Agreement (including the price determination) will be conducted on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the opinion that the Purchases are in the ordinary and usual course of business of the Company, and terms of the 2021 Supplemental Agreement (including the Revised Caps) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the resolution proposed at the EGM thereby approving the 2021 Supplemental Agreement (including the Revised Caps).

Yours faithfully,

For and on behalf of

**Sorrento Capital Limited**

**Aaron Wong**

*Managing Director*

**Wesker Poon**

*Managing Director*

*Note:* Mr. Aaron Wong is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than seven years of experience in corporate finance and investment banking. Mr. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than ten years of experience in corporate finance and investment banking. Both Mr. Aaron Wong and Mr. Wesker Poon have participated in and completed various advisory transactions (including connected transactions of listed companies in Hong Kong).

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors and Chief Executive of the Company

As at the Latest Practicable Date, 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”)), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or 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 (“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 <sup>(1)</sup>	514,836,219	32.26%
	Corporate Interest <sup>(2)</sup>	493,000	0.03%
Mr. Zhang Jianming	Corporate Interest <sup>(1)</sup>	514,836,219	32.26%
	Corporate Interest <sup>(3)</sup>	3,957,000	0.25%
	Personal Interest	4,212,000	0.26%
Mr. Zhang Jianfeng	Corporate Interest <sup>(4)</sup>	1,000,000	0.06%
Mr. Liu Jianbo	Corporate Interest <sup>(5)</sup>	470,000	0.03%
Mr. Guo Mingguang	Corporate Interest <sup>(6)</sup>	100,000	0.01%
	Spouse Interest <sup>(7)</sup>	177,000	0.01%
Mr. Chen Weiqun	Corporate Interest <sup>(8)</sup>	250,000	0.02%

Notes:

- (1) Mr. Zhang Jingzhang and Mr. Zhang Jianming are deemed under the SFO to be interested in 327,042,016 shares of the Company held by Premier Capital Management (PTC) Ltd. and 187,794,203 shares of the Company held by Cambridge Management Consultants



(PTC) Ltd. As at the Latest Practicable Date, each of Premier Capital Management (PTC) Ltd. and Cambridge Management Consultants (PTC) Ltd. was owned as to 40% and 60% by Mr. Zhang Jingzhang and Mr. Zhang Jianming respectively.

- (2) As at the Latest Practicable Date, Fiery Force Inc. was owned as to 100% by Mr. Zhang Jingzhang. Hence, Mr. Zhang Jingzhang is deemed to be interested in the 493,000 shares of the Company held by Fiery Force Inc.
- (3) As at the Latest Practicable Date, both Haitian Asset Management Limited and Lordachieve Investments Ltd. were owned as to 100% by Mr. Zhang Jianming. Mr. Zhang Jianming is deemed to be interested in the 3,938,000 and 19,000 shares of the Company held by Haitian Asset Management Limited and Lordachieve Investments Ltd., respectively.
- (4) As at the Latest Practicable Date, Sino Thrill International Limited was owned as to 100% by Mr. Zhang Jianfeng. Mr. Zhang Jianfeng is deemed to be interested in the 1,000,000 shares of the Company held by Sino Thrill International Limited.
- (5) As at the Latest Practicable Date, Broad Commend Limited was owned as to 100% by Mr. Liu Jianbo. Mr. Liu Jianbo is deemed to be interested in the 470,000 shares of the Company held by Broad Commend Limited.
- (6) As at the Latest Practicable Date, Ocean Violet Limited was owned as to 100% by Mr. Guo Mingguang. Mr. Guo Mingguang is deemed to be interested in the 100,000 shares of the Company held by Ocean Violet Limited.
- (7) As at the Latest Practicable Date, Ms. Zhang Xiaofei, wife of Mr. Guo Mingguang, beneficially owned 177,000 shares of the Company. Mr. Guo Mingguang is deemed to be interested in the 177,000 shares of the Company held by Ms. Zhang Xiaofei.
- (8) As at the Latest Practicable Date, Grace Triumph Limited was owned as to 100% by Mr. Chen Weiqun. Mr. Chen Weiqun is deemed to be interested in the 250,000 shares of the Company held by Grace Triumph Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

**(ii) Substantial Shareholders**

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

Name of Shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding
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 <sup>(1)</sup>	93,933,500 (L)	5.89%

(L) denotes a long position

*Note:*

- (1) Schroders Plc is deemed under the SFO to be interested in 93,933,500 shares of the Company held by its wholly-owned entities.

Save as disclosed above, as at the Latest Practicable Date, the Directors are 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.

As at the Latest Practicable Date, Mr. Zhang Jingzhang, Mr. Zhang Jianming and Mr. Zhang Jianfeng, all being Directors, are directors of Sky Treasure Capital Limited and Premier Capital Management (PTC) Ltd. Mr. Guo Mingguang and Mr. Liu Jianbo, both being Directors, are directors of Premier Capital Management (PTC) Ltd.

**3. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates had an interest in a business, which competes or may compete with the businesses of the Company and any other conflicts of interest which any such person has or may have with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

**6. DIRECTORS INTERESTS' IN ASSETS**

Save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

**7. DIRECTORS INTERESTS' IN CONTRACTS**

Save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there was no material adverse changes in the financial or trading position of the Group since 31 December 2020, the date to which the latest published audited consolidated accounts of the Group were made up.

## 9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Sorrento Capital Limited	a licensed corporation under the SFO authorized to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

Sorrento Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Sorrento Capital did not have any beneficial shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

Sorrento Capital has no direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired or disposed of or leased since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, and up to the date of this Circular.

The letter and recommendation given by Sorrento Capital are given as of the date of this circular for incorporation herein.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.haitianinter.com](http://www.haitianinter.com)) from the date of this circular up to and including 25 October 2021:

- (a) The 2021 Supplemental Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 16 to 17 of this circular;
- (c) the letter from Sorrento Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 29 of this circular;

- (d) the written consent of the expert as referred to in the section headed “9. Consent and Qualification of Expert” in this appendix; and
- (e) this circular.

NOTICE OF EGM



**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)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of Haitian International Holdings Limited (the “Company”) will be held at 23/F, Haitian Group Building, No. 1688 Haitian Road, Beilun District, Ningbo, Zhejiang Province, China on 29 October 2021, at 3:30 p.m., for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

- (1) the 2021 Supplemental Agreement dated 10 September 2021 entered into between 海天塑機集團有限公司 (Haitian Plastics Machinery Group Co., Ltd.\*) and 寧波海天驅動有限公司 (Ningbo Haitian Drive Systems Co., Ltd.\*) (a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) and the transactions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) contemplated thereunder and the Revised Caps be and are hereby approved, ratified and confirmed; and
- (2) any one Director be and is hereby authorised for and on behalf of the Company to execute the aforesaid agreement and all such other documents, instruments and agreements and to do all acts or things deemed by him/her to be necessary or expedience to implement and/or give effect to the aforesaid agreement and all transactions contemplated thereunder, and to agree to any amendment to any of the terms of such agreement which in the opinion of the Director is/are in the interests of the Company and in accordance with the Listing Rules (where relevant).”

Yours faithfully,  
**Haitian International Holdings Limited**  
**Zhang Jingzhang**  
*Chairman*

Ningbo, Zhejiang, 11 October 2021

## NOTICE OF EGM

*Notes:*

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong share register, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time of the above meeting or any adjourned meeting.
3. The register of members of the Company will be closed from 26 October 2021 to 29 October 2021, on which day no transfer of shares in the Company will be effected. In order to qualify for attending the EGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 25 October 2021 for registration.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for such purpose be deemed joint holders thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Voting of the ordinary resolution as set out in this notice will be by poll.

\* *For identification purpose only.*