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HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1882)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

	2021 <i>RMB' million</i>	2020 <i>RMB' million</i>	Change %
Revenue	16,018.3	11,800.1	35.7
Gross profit	5,151.1	4,040.3	27.5
Operating profit	3,596.7	2,873.2	25.2
Profit attributable to shareholders of the Company	3,052.0	2,388.0	27.8
Basic Earnings per share (expressed in RMB per share)	1.91	1.50	27.8
Dividend per share (expressed in HKD per share)			
Total interim dividends	0.95	0.89	6.7
Special interim dividend	–	0.75	–
Full year dividend (including total interim dividends and special interim dividend (if applicable))	0.95	1.64	(42.1)

- The strong demand across domestic and overseas downstream industries in the first half of 2021 and overall stability in the second half of the year contributed to the Company's excellent performance throughout the year. The revenue of the Company amounted to RMB16,018.3 million for the year ended 31 December 2021, representing an increase of 35.7% compared to 2020.
- Due to the high price of materials, the gross profit margin for the year decreased slightly to 32.2% (2020: 34.2%) compared to 2020.
- Profit attributable to shareholders of the Company increased by 27.8% to RMB3,052.0 million (2020: RMB2,388.0 million) compared to 2020.
- As a result of consistent focus on flexibility and efficiency in business operation and strong operational capability of capital management, the net cash flow from operation of the Company in 2021 reached RMB3,124.1 million (2020: RMB3,278.2 million), and total net cash (including wealth management products) increased to RMB10,685.4 million (2020: RMB9,605.5 million).
- Earnings per share amounted to RMB1.91 for the year ended 31 December 2021, increased by 27.8% compared to 2020.
- The Board declared a second interim dividend of HKD0.95 per share, resulting in total dividends for 2021 of HKD0.95 per share (2020: total dividends of HKD1.64 per share, including special interim dividend of HKD0.75 per share).

The board (the “Board”) of directors (the “Directors”) of Haitian International Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 (the “Reported Period”) with comparative figures for the year ended 31 December 2020. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended 31 December 2021

(Amounts expressed in RMB)

	<i>Note</i>	2021 RMB’000	2020 RMB’000
Revenue	4	16,018,272	11,800,052
Cost of sales		(10,867,200)	(7,759,797)
Gross profit		5,151,072	4,040,255
Selling and marketing expenses		(1,035,890)	(765,399)
General and administrative expenses		(811,940)	(750,968)
Other income		158,947	142,210
Other gains – net	5	134,470	207,096
Operating profit	6	3,596,659	2,873,194
Finance income		194,392	149,086
Finance costs		(55,390)	(78,779)
Finance income – net	7	139,002	70,307
Share of profit of associates		33,309	26,111
Profit before income tax		3,768,970	2,969,612
Income tax expense	8	(718,871)	(579,524)
Profit for the year		3,050,099	2,390,088
Profit attributable to:			
Shareholders of the Company		3,051,968	2,388,016
Non-controlling interests		(1,869)	2,072
		3,050,099	2,390,088
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)			
– basic	9	1.91	1.50
Dividends	10	1,233,292	2,218,226

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

(Amounts expressed in RMB)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	3,050,099	2,390,088
Other comprehensive income: <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(19,468)</u>	<u>(113,502)</u>
Total comprehensive income for the year	<u>3,030,631</u>	<u>2,276,586</u>
Total comprehensive income attributable to:		
Shareholders of the Company	3,032,587	2,274,524
Non-controlling interests	<u>(1,956)</u>	<u>2,062</u>
	<u>3,030,631</u>	<u>2,276,586</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

(Amounts expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	4,366,451	3,914,165
Right-of-use assets	11	703,787	721,248
Investment in associates		518,533	484,610
Intangible assets		52,494	53,815
Trade and bills receivable	12	133,637	130,351
Other financial assets at amortised cost		8,920	494,274
Prepayments and other assets		82,912	–
Financial asset at fair value through profit or loss	13	260,000	–
Term deposits		2,067,541	2,310,000
Deferred income tax assets		207,501	157,542
Financial assets at fair value through other comprehensive income		500	500
		<u>8,402,276</u>	<u>8,266,505</u>
Current assets			
Inventories		3,009,566	2,934,336
Trade and bills receivable	12	3,506,940	3,135,711
Other financial assets at amortised cost		483,647	156,348
Prepayments and other assets		211,808	223,453
Prepaid income tax		20,210	3,159
Financial assets at fair value through profit or loss	13	5,893,364	4,604,867
Dividend receivable		–	58,750
Restricted bank deposits		87,882	31,417
Term deposits		945,000	230,884
Cash and cash equivalents		3,592,622	3,746,430
		<u>17,751,039</u>	<u>15,125,355</u>
Total assets		<u>26,153,315</u>	<u>23,391,860</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	14	160,510	160,510
Share premium		1,331,913	1,331,913
Other reserves		1,779,452	1,613,756
Retained earnings		12,662,502	11,671,055
		<u>15,934,377</u>	<u>14,777,234</u>
Non-controlling interests		<u>633</u>	<u>8,802</u>
Total equity		<u>15,935,010</u>	<u>14,786,036</u>

CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2021**(Amounts expressed in RMB)*

	<i>Note</i>	2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		270	550
Bank borrowings		300,000	–
Deferred income		48,420	57,592
Deferred income tax liabilities		527,169	380,588
		<hr/> 875,859	<hr/> 438,730
Current liabilities			
Lease liabilities		280	605
Trade and bills payable	15	4,222,289	4,112,557
Accruals and other payables		1,850,738	1,516,812
Contract liabilities		1,089,035	964,110
Current income tax liabilities		319,134	254,880
Bank borrowings		1,860,970	1,318,130
		<hr/> 9,342,446	<hr/> 8,167,094
Total liabilities		<hr/> 10,218,305	<hr/> 8,605,824
Total equity and liabilities		<hr/> 26,153,315	<hr/> 23,391,860

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2021

(Amounts expressed in RMB)

	Attributable to shareholders of the Company					Non-controlling interests	Total equity	
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000			Total RMB'000
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 year		-	-	-	2,388,016	2,388,016	2,072	2,390,088
Other comprehensive income								
Currency translation differences		-	-	(113,492)	-	(113,492)	(10)	(113,502)
Total comprehensive income for the year ended 31 December 2020		-	-	(113,492)	2,388,016	2,274,524	2,062	2,276,586
Transactions with owners								
Dividend paid								
- 2019 second interim		-	-	-	(273,571)	(273,571)	-	(273,571)
- 2020 interim	10	-	-	-	(342,782)	(342,782)	-	(342,782)
Appropriations		-	-	183,738	(183,738)	-	-	-
Total transactions with owners		-	-	183,738	(800,091)	(616,353)	-	(616,353)
Balance at 31 December 2020		<u>160,510</u>	<u>1,331,913</u>	<u>1,613,756</u>	<u>11,671,055</u>	<u>14,777,234</u>	<u>8,802</u>	<u>14,786,036</u>
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 year		-	-	-	3,051,968	3,051,968	(1,869)	3,050,099
Other comprehensive income								
Currency translation differences		-	-	(19,381)	-	(19,381)	(87)	(19,468)
Total comprehensive income for the year ended 31 December 2021		-	-	(19,381)	3,051,968	3,032,587	(1,956)	3,030,631
Transactions with owners								
Dividend paid								
- 2020 second interim	10	-	-	-	(870,742)	(870,742)	-	(870,742)
- 2020 special interim	10	-	-	-	(1,004,702)	(1,004,702)	-	(1,004,702)
Appropriations		-	-	185,077	(185,077)	-	-	-
Dividends paid to non-controlling interests in subsidiaries		-	-	-	-	-	(1,675)	(1,675)
Disposal of a subsidiary		-	-	-	-	-	(4,538)	(4,538)
Total transactions with owners		-	-	185,077	(2,060,521)	(1,875,444)	(6,213)	(1,881,657)
Balance at 31 December 2021		<u>160,510</u>	<u>1,331,913</u>	<u>1,779,452</u>	<u>12,662,502</u>	<u>15,934,377</u>	<u>633</u>	<u>15,935,010</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2021

(Amounts expressed in RMB)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net cash generated from operating activities	3,124,082	3,278,169
Net cash used in investing activities	(2,265,777)	(751,292)
Net cash used in financing activities	(1,012,113)	(318,807)
Net (decrease)/increase in cash and cash equivalents	(153,808)	2,208,070
Cash and cash equivalents at beginning of year	3,746,430	1,538,360
Cash and cash equivalents at end of year	3,592,622	3,746,430

Notes:

1. GENERAL INFORMATION

Haitian International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and distribution of plastic injection moulding machines.

The Company was incorporated in Cayman Islands on 13 July 2006, as an exempted company with limited liability under the Companies Law of Cayman Islands. The Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The ultimate holding company of the Company is Sky Treasure Capital Limited, a company incorporated in the British Virgin Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 December 2006.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. They have been approved for issue by the Company’s Board of directors on 22 March 2022.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets at fair value through profit or loss (“Financial assets at FVPL”) and
- financial assets at fair value through other comprehensive income (“Financial assets at FVOCI”).

3. CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		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
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
AG5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies “ <i>Classification of Liabilities as Current or Non-current – Amendments to HKAS 1</i> ”

4. REVENUE AND SEGMENT INFORMATION

	2021	2020
	RMB'000	RMB'000
Sales of plastic injection moulding machines and related products	<u>16,018,272</u>	<u>11,800,052</u>

The chief operating decision-maker has been identified as the executive committee, which comprises all executive directors and the senior management. The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources. Based on these internal reports, the executive committee has determined that no segment information is presented as substantially all of the Group's sales and operating profits are derived from the sales of plastic injection moulding machines, and no geographical segment information is presented as the management reviews the business performance based on type of business, not geographically.

The Group is domiciled in Mainland China. Analysis of its sales to external customers in different countries, based on the customers' locations is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	11,088,162	8,281,512
Hong Kong and overseas countries	4,930,110	3,518,540
	<u>16,018,272</u>	<u>11,800,052</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Total non-current assets other than term deposits, trade and bills receivable, other financial assets at amortised cost, financial assets at FVOCI and deferred income tax assets		
– Mainland China	4,978,459	4,451,741
– Hong Kong and overseas countries	745,718	722,097
	<u>5,724,177</u>	<u>5,173,838</u>

5. OTHER GAINS – NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net fair value gains on financial assets at FVPL	228,119	203,133
Net foreign exchange losses	(118,409)	(9,514)
(Losses)/gains on disposals of property, plant and equipment, net	(6,297)	5,178
Gain on disposal of a subsidiary	20,915	–
Others	10,142	8,299
	<u>134,470</u>	<u>207,096</u>

6. OPERATING PROFIT

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Depreciation and amortisation	325,754	315,689
Raw materials and consumables used	9,837,444	6,980,639
Changes in inventories of finished goods and work in progress	(203,732)	(246,763)
Sales commission and after-sales service expenses	646,116	449,432
Provision for impairment of trade receivables	7,192	38,542
(Reversal of)/provision for write-down of inventories	(15,632)	30,274
Employment costs ⁽ⁱ⁾	<u>1,384,366</u>	<u>1,153,212</u>

(i) For the year ended 31 December 2021, the employment costs related to research and development activities were RMB209,727 thousands (2020: RMB154,388 thousands).

7. FINANCE INCOME/COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Finance costs:		
Interest expense	(46,468)	(35,385)
Net foreign exchange losses	(8,885)	(43,310)
Interest and finance charges paid/payable for lease liabilities	<u>(37)</u>	<u>(84)</u>
	<u>(55,390)</u>	<u>(78,779)</u>
Finance income:		
Interest income on restricted bank deposits, term deposits and cash and cash equivalents	177,716	126,696
Interest income on entrusted loans	<u>16,676</u>	<u>22,390</u>
	<u>194,392</u>	<u>149,086</u>
Finance income, net	<u>139,002</u>	<u>70,307</u>

8. INCOME TAX EXPENSE

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

	2021	2020
	RMB'000	RMB'000
Current income tax		
– Mainland China enterprise income tax	565,926	448,444
– Overseas income tax	56,323	44,105
Deferred taxation	96,622	86,975
	718,871	579,524

Haitian Plastic Machinery Group Limited (“Haitian Plastic Machinery”) renewed its status as a High and New Technology Enterprise (“HNTE”) in 2020. Wuxi Haitian Machinery Co., Ltd. (“Wuxi Haitian”) renewed its status as HNTE in 2021. Ningbo Zhafir Plastic Machinery Co., Ltd. (“Ningbo Zhafir”) renewed its status as HNTE in 2019. Zhejiang Keqiang Intelligence Control System Co., Ltd. (“Zhejiang Keqiang”) renewed its status as HNTE in 2019. Ningbo Haitian Intelligent Manufacture Technology Co., Ltd. (“Haitian Software”) qualified as HNTE in 2021. These entities were entitled to a reduced income tax rate of 15% for three consecutive years commencing from the first year when these entities were granted the HNTE status. They are required to re-apply for preferential tax treatment after the current preferential tax periods expire.

The other major operating subsidiaries of the Group in Mainland China are subject to an enterprise income tax rate of 25% for the year ended 31 December 2021 (2020: 25%).

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the taxable income for the year ended 31 December 2021 (2020: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year 2021 at the applicable rates of taxation prevailing in the countries in which the Group operates.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit attributable to the shareholders of the Company of approximately RMB3,051,968 thousand (2020: RMB2,388,016 thousand) and on the weighted average number of 1,596,000 thousand (2020: 1,596,000 thousand) ordinary shares in issue during the year.

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	3,051,968	2,388,016
Weighted average number of ordinary shares in issue (thousands)	1,596,000	1,596,000
Basic EPS (RMB per share)	1.91	1.50

Diluted earnings per share is not presented as there were no dilutive ordinary shares.

10. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim dividend of HK0.0 cents (2020: HK24.0 cents) per ordinary share	–	342,782
Second interim dividend of HK95.0 cents (2020: HK65.0 cents) per ordinary share	1,233,292	870,742
Special interim dividend of HK0.0 cents (2020: HK75.0 cents) per ordinary share	–	1,004,702
	<u>1,233,292</u>	<u>2,218,226</u>

On 22 March 2022, the Board of Directors of the Company has declared payment of a second interim dividend of HK95.0 cents per share (2020: HK65.0 cents per share) for the year ended 31 December 2021. No special interim dividend has been declared for the year ended 31 December 2021 (2020: HK75.0 cents per share). Such dividend has been approved by the Board which has complied with the related regulations in Cayman Island. The second interim dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022.

11. CAPITAL EXPENDITURE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Property, plant and equipment	847,998	671,095
Land use rights	–	254,660
	<u>847,998</u>	<u>925,755</u>

12. TRADE AND BILLS RECEIVABLE

Most of the Group's sales are covered by guarantees from distributors, credit arrangements from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 36 months. The ageing analysis of trade and bills receivable based on invoice date is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Up to 1 year	3,522,779	3,080,182
1 year to 2 years	143,641	214,141
2 years to 3 years	43,013	39,672
Over 3 years	33,155	37,625
	<u>3,742,588</u>	<u>3,371,620</u>
Less: provision for impairment	<u>(102,011)</u>	<u>(105,558)</u>
	<u>3,640,577</u>	<u>3,266,062</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2021, the Group held financial assets at fair value through profit or loss amounting to approximately RMB6,153,364 thousands (2020: RMB4,604,867 thousands). These financial assets represented various wealth management products held by the Group such as structure deposits and wealth management products from banks, trusts and investment funds, etc., which were conducive to improving the capital usage efficiency and generating investment returns from the Group's idle funds of which the expected return rates ranged from 1.14% to 5.95% (2020: 1.36% to 7.40%) per annum with maturity dates between 0 day and 1,096 days (2020: between 0 day and 366 days). None of these assets is either past due or impaired (2020: none).

14. SHARE CAPITAL

	Authorised share capital		
	Number of shares '000	Amount HKD'000	Amount RMB'000
As at 1 January 2020, 31 December 2020 and 31 December 2021 (shares with a par value of HKD0.1 per share)	5,000,000	500,000	502,350
	Issued and fully paid		
	Number of shares '000	Amount HKD'000	Amount RMB'000
As at 1 January 2020, 31 December 2020 and 31 December 2021 (shares with a par value of HKD0.1 per share)	1,596,000	159,600	160,510

15. TRADE AND BILLS PAYABLE

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

	2021 RMB'000	2020 RMB'000
Up to 1 year	4,210,477	4,106,219
1 year to 2 years	2,674	4,386
Over 2 years	9,138	1,952
	<u>4,222,289</u>	<u>4,112,557</u>

16. CAPITAL COMMITMENTS

	2021 RMB'000	2020 RMB'000
Acquisition of property, plant and equipment – Contracted but not provided for	<u>819,344</u>	<u>420,757</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Since 2021, governments around the world have maintained easing monetary policies and fiscal policies. With greater COVID-19 vaccination coverage, many countries have relaxed the control of the pandemic. The global economy is in a positive trend overall under the leadership of major economies such as China and the United States. However, in the meantime, the continuous mutation of the COVID-19 virus strains and the continuous spread of the pandemic have led to rising logistics costs, which have caused various problems such as inflation, supply chain and energy crises, posing a crisis to the already fragile emerging economies and diverging global economic recovery. On the other hand, benefiting from the strong manufacturing industry, as well as the easing policies of investment and exports, the domestic economy has remained stable in general.

The strong demand across domestic and overseas downstream industries in the first half of 2021 and overall stability in the second half of the year contributed to the Company's remarkable results throughout the year. The sales of the Company amounted to RMB16,018.3 million for the year ended 31 December 2021, representing an increase of 35.7% compared to 2020. Due to the high price of raw materials, the gross profit margin for the year decreased slightly to 32.2% (2020: 34.2%). Meanwhile, the net profit margin for the year was 19.0%, representing a slight decrease compared to 20.2% in 2020.

The net profit attributable to shareholders of the Company for the year ended 31 December 2021 amounted to RMB3,052.0 million (2020: RMB2,388.0 million), representing an increase of 27.8% compared to the same period last year.

The Board has declared a second interim dividend of HKD0.95 per share for the year ended 31 December 2021, resulting in total dividends for 2021 of HKD0.95 per share (2020: total dividends of HKD1.64, including special interim dividend of HKD0.75 per share).

Domestic and overseas sales

The following table summarizes the Group's domestic and overseas sales by geographic areas:

<i>(RMB million)</i>	2021	%	2020	%	2021 VS 2020
Domestic sales	11,088.2	69.2%	8,281.5	70.2%	33.9%
Overseas Sales	4,930.1	30.8%	3,518.6	29.8%	40.1%
Total	16,018.3	100%	11,800.1	100%	35.7%

During the first half of 2021, amid the global spread of pandemic, part of the supply chain has been transferred to China given China's strong manufacturing industry and its position as the world's factory, which has created strong demand for the Company's downstream industries. During the second half of the year, with the relaxation of pandemic control abroad and the gradual recovery of overseas manufacturing industry, the demand for domestic downstream industries has weakened. Nonetheless, the Company's products, especially the third-generation machines, have been widely recognized in the market, which has enabled the Company to achieve excellent domestic sales, amounting to RMB11,088.2 million for full year 2021, representing an increase of 33.9% as compared with the same period last year. In terms of overseas market, while new demand for PIMMs has arisen with overseas manufacturing industry back on track, the ongoing pandemic and high logistics costs have also suppressed the exports. Benefiting from the global footprint over the years, the Company's overseas market share further increased in 2021, with annual exports exceeding 10,000 units for the first time. The total overseas sales reached RMB4,930.1 million for the full year, representing a significant increase of 40.1% compared to the same period last year. Specifically, the Company recorded remarkable sales growth in overseas markets such as North America and South America as well as some countries in Southeast Asia and Europe.

Sales mix of PIMMs by product series

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

<i>(RMB million)</i>	2021	%	2020	%	2021 VS 2020
Mars series (energy-saving features PIMMs)	10,944.0	68.3%	8,214.5	69.6%	33.2%
Zhafir electrical series	2,077.5	13.0%	1,439.9	12.2%	44.3%
Jupiter series (two-platen PIMMs)	2,017.3	12.6%	1,303.0	11.0%	54.8%
Other series	478.0	3.0%	495.8	4.2%	-3.6%
Parts & Service	501.5	3.1%	346.9	3.0%	44.6%
Total	16,018.3	100%	11,800.1	100%	35.7%

With the overall growing demand for downstream industries in 2021 and benefiting from the Company's continuous iteration and customization of models, the sales of Mars series, the main product of the Company, continued to ascend steadily, reaching RMB10,944.0 million for the year, representing an increase of 33.2% as compared with the same period last year.

As the high-end manufacturing industry recovered both domestically and overseas and the automotive industry (particularly the new energy vehicle market) continued to rebound, the sales of Zhafir electrical series and Jupiter two-platen series hit a record high and increased significantly by 44.3% to RMB2,077.5 million and by 54.8% to RMB2,017.3 million, respectively, as compared with the same period last year.

Prospect

The COVID-19 pandemic and the geopolitical rivalry will remain the main cause that constrains global economic development and hinders globalization in 2022. Meanwhile, the adaptability of global economy to the pandemic has been significantly enhanced, and the global economic growth will also be affected by the change of monetary and fiscal policies of major economies such as Europe and the United States. We remain confident in the continuous recovery of our overseas business amid the gradual normalization of global economy. Looking back to China, the PRC will continue to deepen supply-side structural reform, ensure stability in 6 key areas and effectively meet 6 priorities, and strengthen the global competitiveness of emerging industries such as the digital economy and the green economy. However, the triple pressure of demand contraction, supply shock and weakening expectation, has brought uncertainty to the development of China's economy in the new year, with marginal slowdown of economic growth.

The Company has always valued the global strategic footprint. Domestically, the Company has applied the “dual center” model of Ningbo Headquarters and South China Headquarters, for further corporate development and market expansion. It is expected that Shunde phase I factory of South China Headquarters will be put into trial production in the second half of this year. Meanwhile, the Company will further penetrate into various overseas markets. With ongoing pandemic and high logistics costs foreseen, the Company will continue to develop overseas business centers, further expanding the assembly and trade oriented overseas factories to integrated regional hubs with research and development, manufacturing, assembly, application, sales and service combined, in order to realize localized production globally.

The Company will further strengthen its leading position and increase its global market share. On the one hand, the Company will enhance the marketing system and incentive mechanism, and integrate sales, application and service, to improve customer satisfaction. On the other hand, by applying IPD management model, the Company will continue to increase research and development efforts in customized models for various industries, to enhance the competitiveness of products. The Company will continue to deepen its digitization reform, with an aim to enhance quality and efficiency, optimize cost and create synergy, while accelerating the building of a younger team to meet and adapt to the demand of reform and development.

In recent years, environmental and climate issues have been receiving more and more attention from countries around the world, and the Company has always attached great importance to its social responsibility. The Company will strengthen the research and application of clean technology, such as launching customized machines for degradable materials, for a sustainable development of the Company and the industry. Meanwhile, The Company will issue its Environmental, Social and Governance report this year, presenting the phased achievements of last year and future goals and plans.

On the premise of the strategic concept of “technology to the point”, we satisfy customized needs and demand from each niche market while standardizing the production of our components. We strive to maintain our leading position in every aspect. 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, partners and investors.

Financial Review

Revenue

The strong demand across domestic and foreign downstream industries in the first half of 2021 and overall stability in the second half of the year contributed to the Company's excellent performance throughout the year. The revenue of the Company amounted to RMB16,018.3 million for the year ended 31 December 2021, representing an increase of 35.7% compared to 2020. The domestic sales increased by 33.9% to RMB11,088.2 million compared to 2020, while our export sales increased by 40.1% to RMB4,930.1 million, as compared to 2020.

Gross Profit

In 2021, we had a gross profit of approximately RMB5,151.1 million, representing an increase of 27.5% comparing to 2020. Due to the high price of materials, the gross profit margin for the year decreased slightly to 32.2% (2020: 34.2%) compared to 2020.

Selling and administrative expenses

The selling and administrative expenses increased by 21.9% from RMB1,516.4 million in 2020 to RMB1,847.8 million in 2021. The increase in expenses was mainly due to the increase of sales commission, labor cost, and other administrative expenses. The labor costs related to research and development activities were RMB209.7 million in 2021 (2020: RMB154.4 million).

Other income

Other income mainly consists of government subsidy and increased by 11.7% from RMB142.2 million in 2020 to RMB158.9 million in 2021.

Finance income – net

We recorded a net finance income of RMB139.0 million in 2021 compared to a net finance income of RMB70.3 million in 2020. The increase was mainly attributable to the fact that i) we recorded the interest income of RMB177.7 million from restricted bank deposits, term deposits and cash and cash equivalents in 2021 compared to RMB126.7 million in 2020; and ii) we recorded net foreign exchange losses of RMB8.9 million in 2021 compared to net foreign exchange losses of RMB43.3 million in 2020.

Income tax expenses

Income tax expenses increased by 24.1% from RMB579.5 million in 2020 to RMB718.9 million in 2021. Our effective tax rate maintained at a similar level of 19.1% in 2021 (2020: 19.5%).

Net profit attributable to shareholders

As a result of the foregoing, our net profit attributable to shareholders of the Company in 2021 increased to RMB3,052.0 million, representing an increase of 27.8% compared to 2020.

Liquidity, Financial Resources, Borrowing and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 31 December 2021, the Group's total cash and cash equivalents, term deposits and restricted bank deposits amounted to RMB3,592.6 million, RMB3,012.5 million and RMB87.9 million respectively (31 December 2020: RMB3,746.4 million, RMB2,540.9 million and RMB31.4 million respectively). The Group's bank borrowing amounted to RMB2,161.0 million as at 31 December 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 FVPL. The wealth management products carry floating interests ranging from 1.14% to 5.95% (2020: 1.36% to 7.40%) per annum. As at 31 December 2021, the Group's financial assets at FVPL amounted to RMB6,153.4 million (31 December 2020: RMB4,604.9 million).

The net gearing ratio is defined by our management as total borrowings net of cash divided by shareholders' equity. As at 31 December 2021, the Group was in a strong financial position with a net cash position amounting to RMB4,532.0 million (31 December 2020: RMB5,000.6 million). Accordingly, no net gearing ratio is presented.

Capital Expenditure

In 2021, the Group's capital expenditure consisted of additions of property, plant and equipment and land use rights, which amounted to RMB848.0 million (2020: RMB925.8 million).

Charges on Group Assets

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

Foreign Exchange Risk Management

As of 31 December 2021, the Group exported approximately 30.8% of its products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while the Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10% of the total purchases.

Financial guarantee

As at 31 December 2021, the Group provided guarantee to banks in connection with facilities granted to the customers with an amount of RMB579.5 million (31 December 2020: RMB649.1 million). As at 31 December 2021, the Group reassessed the provisions based on the credit history of its customers and the current market condition. No significant provision is noticed.

EMPLOYEES

As at 31 December 2021, the Group had a total workforce of approximately 7,300 employees. Most of our employees were located in China. The Group offered its staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on individual and the Group's performance. The Group is committed to nurturing a learning culture in its organization.

PAYMENT OF DIVIDEND

The Board had declared a second interim dividend of HKD0.95 per share for the year ended 31 December 2021 (2020: HKD0.65 per share), resulting in total dividends for 2021 of HKD0.95 per share (2020: total dividends of HKD1.64 per share, including special interim dividend of HKD0.75 per share). The second interim dividend is expected to be paid on or before 19 April 2022 to the shareholders whose names appear on the register of members of the Company on 7 April 2022.

The Board has decided to consider and if think fit to declare dividends once for every fiscal year in future. Currently, the Company does not have any predetermined dividend payout ratio.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors of the Company, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors of the Company may consider relevant from time to time. The Board has the discretion as to the declaration and payment of dividends and there can be no assurance or guarantee that dividends will be paid in any particular amount for any given period in the future.

ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held on 18 May 2022. Notice of the AGM will be issued and disseminated to shareholders in due course.

Closure of Register of Members

(a) Entitlement to the Second Interim Dividend

The register of members of the Company will be closed on 7 April 2022 whereby no transfer of shares will be registered on that date. In order to qualify for the second interim dividend, all properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 6 April 2022.

(b) Entitlement to Attend and Vote at the AGM

The register of members of the Company to attend the AGM will be closed from 13 May 2022 to 18 May 2022 (both days inclusive). In order to be eligible to attend the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Registrar of Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 12 May 2022, for registration.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (THE “CODE”)

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphasizes on maintaining a Board with a balance of skill sets of directors, better transparency and effective accountability system in order to enhance shareholders’ value. The Company complied with all the applicable code provisions set out in Corporate Governance Code in Appendix 14 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the time being in force for the year ended 31 December 2021.

Details of the implementation of the Company’s corporate governance practices will be set out in the corporate governance report in the annual report of the Company to be published in due course.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee has reviewed the Group’s condensed consolidated financial information for the year ended 31 December 2021, including the accounting principles adopted by the Group, with the Company’s management. The audit committee, together with the management and the external auditors, has reviewed regularly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made to all Directors, who confirmed that they had complied with the required standard set out in the Model Code during the Reported Period.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASES, SALE OR REDEMPTION OF SHARES

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkex.com.hk and on the Company's website at www.haitian.com. The annual report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

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

Hong Kong, China, 22 March 2022

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