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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION 2024 SMART SOLUTIONS FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 29 October 2021 in relation to the continuing connected transactions contemplated under the 2021 Smart Solutions Framework Agreement entered into between Haitian Plastics Machinery and Haitian Smart Solutions for Haitian Plastics Machinery to purchase the Products and Services from Haitian Smart Solutions from 29 October 2021 to 31 December 2023.

On 18 December 2023 (after trading hours), Haitian Plastics Machinery, a wholly-owned subsidiary of the Company, entered into the 2024 Smart Solutions Framework Agreement with Haitian Smart Solutions, pursuant to which Haitian Plastics Machinery shall purchase the Products and Services from Haitian Smart Solutions for a term commencing from 1 January 2024 to 31 December 2026. As the terms of the 2021 Smart Solutions Framework Agreement will expire on 31 December 2023, the 2024 Smart Solutions Framework Agreement is in substance a renewal of the 2021 Smart Solutions Framework Agreement and the terms of the 2024 Smart Solutions Framework Agreement are substantially the same as the 2021 Smart Solutions Framework Agreement.

As at the date of this announcement, Haitian Smart Solutions is a connected person of the Company. Accordingly, the 2024 Smart Solutions Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the 2024 Smart Solutions Framework Agreement are higher than 0.1% but less than 5%, the 2024 Smart Solutions Framework Agreement is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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A. 2024 SMART SOLUTIONS FRAMEWORK AGREEMENT

The principal terms of the 2024 Smart Solutions Framework Agreement are summarised as follows:

Parties: (i) Haitian Smart Solutions (as vendor); and
(ii) Haitian Plastics Machinery (as purchaser).

Date: 18 December 2023

Subject: Purchase of intelligent products, including but not limited to robotic arms, magnetic moulds, dehumidification and drying systems and loading machines.

The provision of smart engineering services including but not limited to automation projects and systems engineering services for the manufacturing of PIMMs in relation to intelligent products and smart engineering services.

Term: For a term commencing from 1 January 2024 to 31 December 2026.

Principal Terms: Haitian Smart Solutions will supply, and it will procure its subsidiaries and associates to supply the Products and Services to Haitian Plastics Machinery or other members of the Group.

Separate sale and purchase agreements or orders stipulating the specific terms and conditions (including but not limited to quantities of products or scope of services, models or specifications, unit prices or total price, delivery methods and period) shall be entered into between (1) Haitian Plastics Machinery or other members of the Group and (2) Haitian Smart Solutions or its subsidiaries and associates.

The terms of such sale and purchase agreements or orders shall be fair and reasonable to both parties and the terms at which Haitian Smart Solutions offers the Products and Services to Haitian Plastics Machinery shall be no less favourable than the terms at which Haitian Smart Solutions offers to Independent Third Parties for the same or similar Products and Services.

Haitian Plastics Machinery is under no obligation to purchase any specific amount of the Products and the Services from Haitian Smart Solutions and has the right to purchase such products or services from Independent Third Parties as it deems fit.

Credit Period for purchase of the Products and the Services:

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.

Pricing Principle:

The prices of the Products and Services shall be determined with reference to the prices at which same or similar products (i) are sold by Haitian Smart Solutions to Independent Third Parties and (ii) are purchased by Haitian Plastics Machinery from Independent Third Parties (the “**Reference Prices**”) as explained in the following:

- (1) Haitian Smart Solutions has agreed that the prices of the Products and Services shall not be higher than (i) the price at which Haitian Smart Solutions supplies same or similar Products and Services to Independent Third Parties and (ii) the reasonable prices of the same model of the Products Haitian Plastics Machinery purchased from 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.
- (2) Upon request by Haitian Plastics Machinery, Haitian Smart Solutions is obliged to provide supporting documents in relation to the Reference Prices, including but not limited to agreements and invoices.

In addition, in the event of sudden and material changes in the market conditions, both parties shall negotiate and make adjustment in the prices of the Products and Services in a timely manner.

Condition Precedent: The 2024 Smart Solutions Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) are solely conditional upon the Company's compliance with the applicable requirements of the Listing Rules for the 2024 Smart Solutions Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

Historical Transaction Amounts and the Proposed Annual Caps

The table below summarises the existing annual caps for the purchase of the Products and Services under 2021 Smart Solutions Framework Agreement for the three financial years ended 31 December 2021, 2022 and 2023:

	Financial years ended 31 December		
	2021 (RMB million)	2022 (RMB million)	2023 (RMB million)
Existing cap amounts	50.0	360.0	480.0

The table below summarises the actual transaction amounts of the purchases of the Products and Services under 2021 Smart Solutions Framework Agreement for the two financial years ended 31 December 2021 and 2022 and the ten months ended 31 October 2023:

	Financial years ended 31 December		Ten months ended 31 October
	2021 (RMB million)	2022 (RMB million)	2023 (RMB million)
Actual transaction amounts	1.4 <i>(Note 1)</i>	156.0	282.2

Note 1: Being the actual transaction amounts for the 64 days ended 31 December 2021 as the 2021 Smart Solutions Framework Agreement commenced from 29 October 2021.

The Directors, expect that, pursuant to the 2024 Smart Solutions Framework Agreement, for the three years ending 31 December 2024, 2025 and 2026, the aggregate amount of the Purchases shall not exceed the annual caps set out below:

	For the years ending 31 December		
	2024 (RMB million)	2025 (RMB million)	2026 (RMB million)
Annual cap amount	380.0	430.0	490.0

The proposed annual caps have been determined in accordance with the estimated total sales of PIMMs in relation to intelligent products and smart engineering services for the three years ending 31 December 2024, 2025 and 2026 taking into account the followings:

- (a) the estimated growth in sales of the PIMMs in relation to intelligent products and smart engineering services for the year ended 31 December 2023 as compared to the corresponding period in 2022 of approximately 13.1%;^(Note 2)
- (b) the Group expects that the sales of the PIMMs in relation to intelligent products and smart engineering services will record an annual growth rate of approximately 13% from 2024 to 2026 taking into account the aforementioned historical growth rate and the future economic growth in the PRC and overseas;
- (c) the expected transaction amounts of the Products and Services as a fixed percentage of the sales of the PIMMs in relation to intelligent products and smart engineering services; and
- (d) the Directors' view that the selling price of the Products and Services will remain generally stable during the term of the 2024 Smart Solutions Framework Agreement.

Note 2: The estimated sales of PIMMs in relation to intelligent products and smart engineering services for the year ended 31 December 2023 is calculated based on the average monthly sales of such PIMMs for the ten months ended 31 October 2023 multiplied by 12.

B. REASONS FOR AND BENEFITS OF THE 2024 SMART SOLUTIONS FRAMEWORK AGREEMENT

Haitian Smart Solutions is principally engaged in providing peripheral intelligent products, smart engineering services, and the relevant intelligent manufacturing resolutions, and can therefore provide products and services that tailor to the needs of the Group. Moreover, the Directors believe that Haitian Smart Solutions can provide long-term technical support for the supply of Products and Services to the Group, thereby facilitating trade logistics and enhancing efficiency. As such, the Directors believe that the 2024 Smart Solutions Framework Agreement can create a synergy effect and contribute to future business growth and is therefore in the interests of the Company and its shareholders as a whole.

The Directors, including the independent non-executive Directors, believe that (1) the 2024 Smart Solutions Framework Agreement and transactions contemplated thereunder (including the proposed annual caps) are on normal commercial terms and in the ordinary and usual course of business of the Group; (2) the terms of the 2024 Smart Solutions Framework Agreement are fair and reasonable; and (3) in the interests of the Company and its shareholders as a whole.

C. INTERNAL CONTROL PROCEDURES FOR THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTIONS

The Group will follow the following internal control procedures and pricing policies when conducting the Purchases contemplated under the 2024 Smart Solutions Framework Agreement set out below:

- (i) regarding each category of the Products and Services, the Group will select a sample on each major category for pricing comparison and determination on a quarterly basis;
- (ii) Haitian Smart Solutions shall provide supporting documents to the Group in relation to the Reference Prices for the same or similar Products and Services sold by Haitian Smart Solutions to customer(s) which are Independent Third Parties upon request and compare against the prices which Haitian Smart Solutions offered to the Group, in order to ensure the prices of the Products and Services purchased by the Group from Haitian Smart Solutions are comparable to the prices offered by Haitian Smart Solutions to its Independent Third Party customers;
- (iii) the procurement department of the Group will obtain quotations from other suppliers in the market which are Independent Third Parties for the same or similar types of Products or Services which can meet the technical specifications of the Group and are of satisfactory quality accepted by the Group, and in total not less than two independent suppliers, and compare against the prices offered by Haitian Smart Solutions to the Group, on a quarterly basis, in order to ensure the prices of the Products and Services purchased by the Group from Haitian Smart Solutions are not higher than the prices of comparable types of products manufactured or services provided 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 purchased by the Group from Haitian Smart Solutions are not higher than the prices of comparable types of products manufactured by Independent Third Parties; and
- (iv) if the procurement department of the Group discovers any deviation from the procedures stated above, the Group will request Haitian Smart Solutions to adjust its Product or Service prices and in the event that Haitian Smart Solutions fails to meet such request(s), the Group will procure the products or services from other suppliers which can offer comparable products or services 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 2024 Smart Solutions Framework Agreement and the proposed annual 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 the said agreement.

The Company's external auditors will review the continuing connected transactions under the 2024 Smart Solutions Framework Agreement and the proposed annual caps annually to check and confirm (among others) whether the pricing principle has been adhered to and whether the relevant proposed annual caps have been exceeded. Haitian Smart Solutions has agreed to allow the Company and its external auditors to access information necessary for reporting the non-exempt continuing connected transactions contemplated under the 2024 Smart Solutions Framework Agreement.

The Company will continue to closely monitor the implementation of the 2024 Smart Solutions Framework Agreement (including the proposed annual caps) 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.

D. LISTING RULES IMPLICATIONS

Haitian Smart Solutions is owned as to 62.4% by Haitian Enterprise Management, as to 19.0% by Xinhua Investment, as to 7.5% by Mr. Zhang Bin and as to 11.1% by five independent individuals (Zhang Jianbo, Wang Xianbin, Xu Wenjie, Zheng Huaqiang and Xu Ying) collectively. Haitian Enterprise Management is owned as to 40.0% by Mr. Zhang Jianming (the chairman of the Board and an executive Director) and as to 60.0% by Mr. Zhang Bin (the son of Mr. Zhang Jianming and an executive Director of the Board). Xinhua Investment is owned as to 92.1053% by Haitian Enterprise Management, as to 1.1842% by Mr. Zhang Bin and as to 6.7105% by nine independent individuals collectively. Pursuant to Rule 14A.07 of the Listing Rules, Haitian Smart Solutions is a connected person of the Company.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the 2024 Smart Solutions Framework Agreement are higher than 0.1% but less than 5%, the 2024 Smart Solutions Framework Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Zhang Jianming and Mr. Zhang Bin, the executive Directors of the Company, has a material interest in the transactions contemplated under the 2024 Smart Solutions Framework Agreement by virtue of their interests in Haitian Smart Solutions and therefore is required to abstain from voting on the Board resolution approving the said agreement and the annual caps. In addition, each of Mr. Zhang Jianfeng and Ms. Chen Lu, the executive Directors of the Company, an associate of Mr. Zhang Jianming and wife of Mr. Zhang Bin respectively, is required to abstain from voting on the Board resolution.

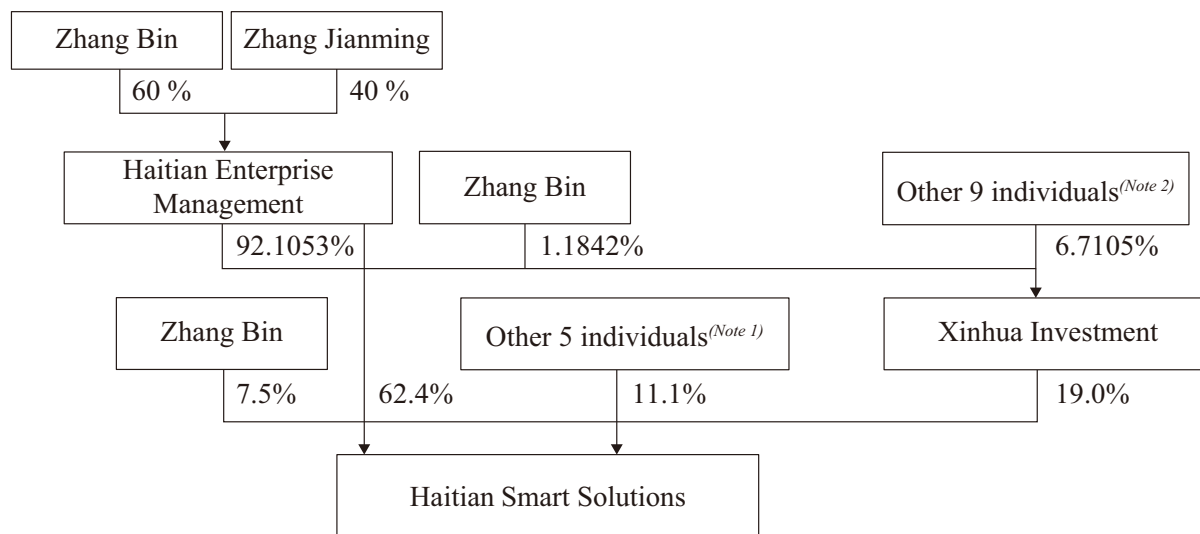
Save as disclosed, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the other Directors and/or their associates have material interest in the 2024 Smart Solutions Framework Agreement and/or is required to abstain from voting on the relevant Board resolutions.

E. FURTHER INFORMATION ON THE PARTIES

The Group is principally engaged in the design, development, manufacture and sale of plastic injection moulding machineries and related parts. Haitian Plastics Machinery is the major operating subsidiary of the Company and it is engaged in production and sales of plastic injection moulding machineries.

Haitian Smart Solutions is engaged in the sale of industrial robots, sale of industrial automatic control system installation and intelligent control system integration.

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



Note 1: Other 5 individuals include Zhang Jianbo, Wang Xianbin, Xu Wenjie, Zheng Huaqiang and Xu Ying.

Note 2: Other 9 individuals include Zhang Shuixin, Xu Bizhe, Wu Lizhan, Li Jiebo, Yang Xiaolong, Jiang Chaoze, Wang Jiahui, Chen Jian and Xu Shaodi.

F. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2021 Smart Solutions Framework Agreement”	the agreement dated 29 October 2021 entered into between Haitian Plastics Machinery and Haitian Smart Solutions for a term commencing from 29 October 2021 to 31 December 2023;
“2024 Smart Solutions Framework Agreement”	the agreement dated 31 December 2023 entered into between Haitian Plastics Machinery and Haitian Smart Solutions for a term commencing from 1 January 2024 to 31 December 2026;
“associate(s)”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors of the Company;
“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)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Haitian Enterprise Management”	寧波海天企業管理有限公司 (Ningbo Haitian Enterprise Management Limited*), a limited liability company incorporated in the PRC and a connected person of the Company;
“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;
“Haitian Smart Solutions”	寧波海天智聯科技有限公司 (Ningbo Haitian Smart Solutions Technology Co., Ltd.*), a limited liability company incorporated in the PRC 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 ”	Hong Kong Special Administrative Region of the PRC;
“ Independent Third Parties ”	person(s) or company(ies) which is not a connected person of the Company;
“ Listing Rules ”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“ PIMMs ”	plastic injection moulding machineries;
“ PRC ”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“ Products ”	Intelligent products including but not limited to robotic arms, magnetic molds, dehumidification and drying systems and loading machines;
“ Purchases ”	the purchase of Products and Services under the 2024 Smart Solutions Framework Agreement;
“ RMB ” or “ Renminbi ”	Renminbi, the lawful currency of the PRC;
“ Services ”	Smart engineering services including but not limited to automation projects and systems engineering services; and
“ Xinhua Investment ”	寧波莘花投資管理合夥企業 (Ningbo Xinhua Investment Management Partnership Enterprise*), a limited liability partnership in the PRC.

By order of the board of
Haitian International Holdings Limited
Zhang Jianming
Chairman

Hong Kong, 18 December 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jianming, Mr. Zhang Bin, Mr. Zhang Jianfeng, Mr. Chen Weiqun and Ms. Chen Lu; 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.

* For identification purposes only