

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



HAITIAN INTERNATIONAL HOLDINGS LIMITED

海天國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1882)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 10 November 2023 and 15 November 2023 and the circular dated 1 December 2023 in relation to the continuing connected transactions contemplated under the 2024 Framework Agreement entered into between the Group and HDS in relation to the purchases of servo systems, linear motion guides and hydraulic parts for a term of three years commencing on 1 January 2024 and ending on 31 December 2026. The relevant transactions contemplated under the 2024 Framework Agreement were approved by the independent shareholders of the Company at the extraordinary general meeting held on 18 December 2023.

The Company anticipates that the amount of relevant Existing Caps of the Purchases under the 2024 Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 will not be sufficient to meet the demand of the Group. Accordingly, on 6 November 2024 (after trading hours), the Board resolved to enter into the 2024 Supplemental Agreement with HDS to revise the Existing Caps. Save for the Revised Caps, all terms and conditions of the 2024 Framework Agreement shall remain unchanged.

HDS is a connected person of the Company and the Purchases will constitute continuing connected transactions of the Company. Pursuant to Rule 14A.54 of the Listing Rules, the Company will be required to re-comply with the applicable requirements under Chapter 14 of the Listing Rules with respect to the 2024 Supplemental Agreement (including the Revised Caps). As certain applicable percentage ratio(s) with respect to the 2024 Framework Agreement (including the Revised Caps) are higher than 5% on an annual basis, the 2024 Supplemental Agreement (including the Revised Caps) will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing details relating to the 2024 Supplemental Agreement (including the Revised Caps), a letter from the Independent Board Committee containing its advice in respect of the 2024 Supplemental Agreement (including the Revised Caps), a letter of advice from the Independent Financial Adviser, and a notice convening the EGM to consider and, if thought fit, approve the 2024 Supplemental Agreement (including the Revised Caps) is expected to be dispatched to shareholders of the Company on or before 27 November 2024.

A. REVISION OF ANNUAL CAPS IN RESPECT OF THE 2024 FRAMEWORK AGREEMENT

The Group has entered into the 2024 Framework Agreement on 10 November 2023 with HDS, pursuant to which, among other things, Haitian Plastics Machinery as purchaser has purchased the Products from HDS as vendor. The 2024 Framework Agreement and the Purchases contemplated thereunder together with the relevant annual caps for the three years ending 31 December 2026 were subsequently approved, confirmed and ratified by the Shareholders during an extraordinary general meeting held on 18 December 2023.

Based on the actual amounts of the Purchases made till 31 August 2024 and the projected demand of Haitian Plastics Machinery, the Company anticipates that the amount of relevant Existing Caps of the Purchases under the 2024 Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 will not be sufficient to meet the demand of the Group. Accordingly, on 6 November 2024 (after trading hours) the Board resolved to enter into the 2024 Supplemental Agreement with HDS to revise the Existing Caps.

Save for the Revised Caps, all terms and conditions of the 2024 Framework Agreement shall remain unchanged. For the principal terms and details of the 2024 Framework Agreement, please refer to the announcements dated 10 November 2023 and 15 November 2023 and the circular dated 1 December 2023.

Historical transaction amounts and the Proposed Revised Caps

The table below summarises the existing annual caps for the purchases of servo systems, linear motion guides and hydraulic parts under the 2024 Framework Agreement for the three financial years ending 31 December 2024, 2025 and 2026:

	Financial years ending 31 December		
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing Caps amounts	960.00	1,050.00	1,160.00

The table below summarises the actual transaction amounts of the purchases of servo systems, linear motion guides and hydraulic parts under the 2024 Framework Agreement for the eight months ended 31 August 2024 based on the Group's unaudited management accounts:

	Eight months ended 31 August 2024 (RMB million)	Financial years ending 31 December 2025 (RMB million)	2026 (RMB million)
Actual transaction amounts	747.37	Not applicable	Not applicable

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

	Annual caps for the financial year ending 31 December		
	2024 (RMB million)	2025 (RMB million)	2026 (RMB million)
Purchases of servo systems, linear motions guides and hydraulic parts	1,140.00	1,220.00	1,320.00

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 and hydraulic parts of the Group from HDS for the eight months ended 31 August 2024;
- (ii) the continued increase of production capacity of PIMMs of the Group in the coming years due to establishment of new domestic and overseas production centers and also upgrade of current manufacturing facilities in China; and
- (iii) the estimated growth of sales volume from 2024 to 2026 considering the increase of the production capacity of the Group.

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 ending 31 December 2024, 2025 and 2026. Accordingly, the Company proposes to revise the Existing Caps to the proposed Revised Caps.

B. REASONS FOR AND BENEFITS OF REVISING THE EXISTING CAPS

In the first half of 2024, there was a general rapid recovery of orders. Benefitting from the restructuring of the global industrial chain and the acceleration of exports of some downstream industries featuring daily consumer products, the Company's sale of PIMMs increased by 26.2% year-on-year to RMB7,702.5 million and the sales of parts and service increased by 14.9% year-on-year to RMB315.3 million as stated in the interim results announcement for the six months ended 30 June 2024 of the Company.

In light of the surging increase in the sales and revenue of the Company, 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 2024 to 2026 will exceed the Existing Caps under the 2024 Framework Agreement.

The Directors (except for the independent non-executive Directors who reserve their views pending receipt of advice from the independent financial adviser) are of the view that 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.

C. 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 announcement dated 10 November 2023 and 15 November 2023 and the circular dated 1 December 2023 when conducting the Purchases contemplated under the 2024 Supplemental Agreement and the 2024 Framework Agreement. The aforementioned internal control procedures and pricing policies under the 2024 Framework Agreement are set out below for easy reference:

- (i) regarding each of the three categories of the Products, namely servo systems, linear motion guides 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 Reference Prices (as defined in the announcement of the Company dated 10 November 2023) for the supply from HDS to not less than two independent customers, on a quarterly basis, and compare against the prices which HDS has offered to the Group, in order to ensure the prices of the Products purchased by the Group from HDS are comparable to the prices offered by HDS to its Independent Third Party 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 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 has offered to the Group on a quarterly basis, in order to ensure the prices of the Products purchased by the Group from HDS 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 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 Independent Third Party 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 2024 Supplemental Agreement (including the Revised Caps) and the 2024 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 2024 Supplemental Agreement (including the Revised Caps) and the 2024 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 2024 Supplemental Agreement (including the Revised Caps) and the 2024 Framework Agreement.

The Company will continue to closely monitor the implementation of the 2024 Supplemental Agreement (including the Revised Caps) and the 2024 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.

D. LISTING RULES IMPLICATIONS

HDS is owned as to approximately 65% by Ningbo Haitian and 35% by HDS Hong Kong. Mr. Zhang Jianming (the chairman of the Board and an executive Director), Mr. Zhang Jianfeng and Mr. Zhang Bin, (both executive Directors and Mr. Zhang Bin being a son of Mr. Zhang Jianming), Mr. Guo Mingguang and Mr. Liu Jianbo, (both non-executive Directors and the brothers-in-law of Mr. Zhang Jianming) and Ms. Chen Lu (an executive Director, the wife of Mr. Zhang Bin and accordingly, an associate and connected person), are interested in an aggregate of approximately 49.9% equity interests in Ningbo Haitian and 66.1% shareholding in HDS Hong Kong. Mr. Chen Weiqun, one of the executive Directors, is interested in approximately 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 Purchases 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 Purchases are higher than 5% on an annual basis, the Purchases will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

Each of Mr. Zhang Jianming, Mr. Zhang Bin, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Chen Weiqun and Ms. Chen Lu has material interest in the transactions contemplated under the 2024 Framework Agreement by virtue of their interests in HDS and are therefore required to abstain from voting on the Board resolution approving the said agreement and the annual cap. In particular, Ms. Chen Lu, an executive Director and the wife of Mr. Zhang Bin, is accordingly an associate of Mr. Zhang Bin and a connected person of the Company despite not holding or owning any interest in HDS. Save and except for the aforesaid, none of the other Directors have any material interest in any of the transactions contemplated under the 2024 Framework Agreement and are required to abstain from voting on the Board resolutions to approve the same.

The following shareholders who have a material interest in the Revised Caps will abstain from voting in the EGM:

- (i) Premier Capital Management Pte. Ltd., which holds 292,818,000 issued shares of the Company (representing approximately 18.35% shareholding of the Company) as of the date of this announcement and is an associate of Mr. Zhang Jianming;
- (ii) Cambridge Management Consultants (PTC) Ltd., which holds 235,122,219 issued shares of the Company (representing approximately 14.73% shareholding of the Company) as of the date of this announcement and is an associate of 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 of the date of this announcement;

- (iv) Mr. Zhang Jianming, chairman of the Board and an executive Director, and Haitian Asset Management Limited and Lordachieve Investments Ltd., the investment holding companies wholly-owned by Mr. Zhang Jianming, which together hold 3,123,000 issued shares of the Company (representing approximately 0.20% shareholding of the Company) as of the date of this announcement;
- (v) 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 of the date of this announcement;
- (vi) 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 of the date of this announcement;
- (vii) 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 of the date of this announcement;
- (viii) 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 of the date of this announcement; and
- (ix) Sky Treasure Capital Limited, an investment holding company in which Mr. Zhang Jianming, Mr. Zhang Jianfeng and their father Mr. Zhang Jingzhang together hold a majority interest, holds 433,888,453 issued shares of the Company (representing approximately 27.18% shareholding of the Company) as of the date of this announcement.

E. GENERAL

The Company has appointed Sorrento Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the 2024 Supplemental Agreement (including the Revised Caps). A circular containing, among other things, details relating to the 2024 Supplemental Agreement (including the Revised Caps), a letter from the Independent Board Committee containing its advice in respect of the 2024 Supplemental Agreement (including the Revised Caps), a letter of advice from the Independent Financial Adviser, and a notice convening the EGM to consider and, if thought fit, approve the 2024 Supplemental Agreement (including the Revised Caps) is expected to be dispatched to shareholders of the Company on or before 27 November 2024.

F. FURTHER INFORMATION ON THE PARTIES

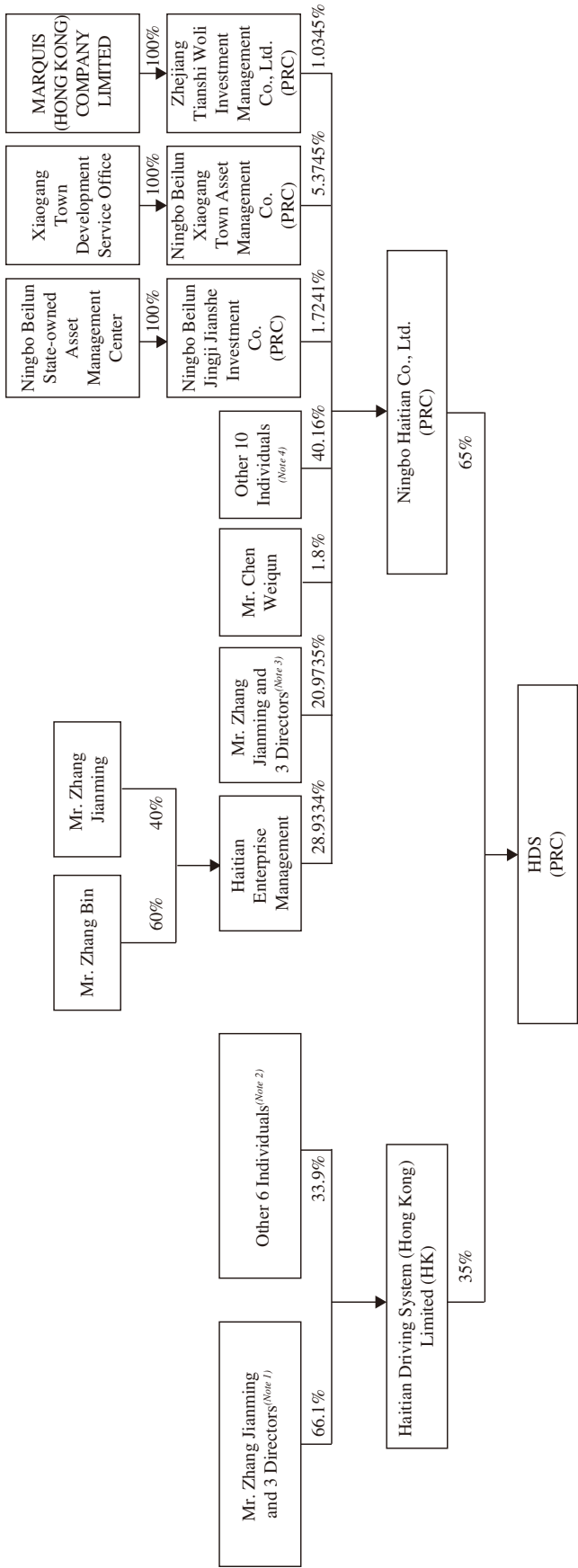
The Group is principally engaged in the design, development, manufacture and sales of PIMMs and related parts.

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.

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

Note 2: Other 6 Individuals are Mr. Zhang Jingzhang, Ms. Chen Ningning, Mr. Fang Zhiguo, Mr. Shi Huajun, Mr. Yue Wei and Ms. Zhu Yuli.

Note 3: Each of Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo respectively holds 10.2655%, 4.4%, 3.2% and 3.108% equity interest of Ningbo Haitian Co., Ltd.

Note 4: Other 10 Individuals holding 40.16% equity interest in Ningbo Haitian are Mr. Zhang Jingzhang, Ms. Hu Min, Mr. Zhang Jianguo, Mr. Zhang Jinglai, Mr. Qian Yaoben, Ms. Chen Ningning, Mr. Yu Wenxian, Mr. Bei Haibo, Mr. Shui Caiyi and Mr. Hu Baohua.

G. DEFINITIONS

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

“2024 Framework Agreement”	the agreement dated 10 November 2023 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 2024 and ending on 31 December 2026;
“2024 Supplemental Agreement”	the supplemental agreement dated 6 November 2024 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 2024 and ending on 31 December 2026;
“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)”	director(s) of the Company;
“EGM”	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the 2024 Supplemental Agreement (including the Revised Caps);
“Existing Caps”	the existing annual caps of the Purchases under the 2024 Framework Agreement for the three years ending 31 December 2024, 2025 and 2026, as stated in the announcement of the Company dated 10 November 2023;
“Group”	the Company and its subsidiaries;

“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 Driving System 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;
“Independent Board Committee”	a committee of the Board comprising Mr. Lou Baijun, Mr. Guo Yonghui, Ms. 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 2024 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”	Sorrento Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity 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 in respect of the 2024 Supplemental Agreement (including the Revised Caps);

“Independent Shareholders”	the shareholders of the Company other than Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Chen Weiqun and their respective associates;
“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;
“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 and hydraulic parts;
“Purchases”	the purchases of the Products under the 2024 Framework Agreement and the 2024 Supplemental Agreement;
“Revised Caps”	the revised annual caps of the Purchases under the 2024 Supplemental Agreement for the three years ending 31 December 2024, 2025 and 2026, as stated in this announcement; and
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC.

By order of the board of
HAITIAN INTERNATIONAL HOLDINGS LIMITED
Mr. Zhang Jianming
Chairman

Hong Kong, 6 November 2024

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 purpose only.