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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION UNDER THE 2024 SMART SOLUTIONS FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 18 December 2023 in relation to the continuing connected transactions contemplated under the 2024 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 1 January 2024 to 31 December 2026.

The Company anticipates that the amount of relevant Existing Caps of the purchases of the Products and Services under the 2024 Smart Solutions 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 16 December 2024 (after trading hours), the Board resolved to enter into the 2024 Smart Solutions Supplemental Agreement with Haitian Smart Solutions to revise the Existing Caps. Save for the Revised Caps, all terms and conditions of the 2024 Smart Solutions Framework Agreement shall remain unchanged.

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

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the 2024 Smart Solutions Supplemental Agreement are higher than 0.1% but less than 5%, the 2024 Smart Solutions Supplemental 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.

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

The Group has entered into the 2024 Smart Solutions Framework Agreement on 18 December 2023 with Haitian Smart Solutions, pursuant to which, among other things, 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.

Based on the actual amounts of the Purchases made till 31 October 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 Smart Solutions 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 16 December 2024 (after trading hours) the Board resolved to enter into the 2024 Smart Solutions Supplemental Agreement with Haitian Smart Solutions to revise the Existing Caps.

Save for the Revised Caps, all terms and conditions of the 2024 Smart Solutions Framework Agreement shall remain unchanged. For the principal terms and details of the 2024 Smart Solutions Framework Agreement, please refer to the announcement dated 18 December 2023.

Historical Transaction Amounts and the Proposed Annual Caps

The table below summarises the existing annual caps for the Purchases under the 2024 Smart Solutions 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 cap amounts	380.0	430.0	490.0

The table below summarises the actual transaction amounts of the Purchases under the 2024 Smart Solutions Framework Agreement for the ten months ended 31 October 2024:

	Ten months ended 31 October 2024	Financial years ending 31 December	
	2024	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Actual transaction amounts	327.9	Not applicable	Not applicable

The Directors expect that, pursuant to the 2024 Smart Solutions Supplemental 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	2025	2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual cap amount	460.0	560.0	650.0

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

- (a) the historical transaction amounts for the Purchases for the ten months ended 31 October 2024;
- (b) the Group expects that the sales of the PIMMs in relation to intelligent products and smart engineering services will record an average annual growth rate of approximately 19.1% 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 Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions Framework Agreement.

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 sales, the Company's demand for intelligent products and smart engineering services increased in order to meet up with the sales demand. It is reasonable to expect the corresponding amount of Purchases made by the Company from Haitian Smart Solutions 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 Smart Solutions Framework Agreement.

The Directors, including the independent non-executive Directors, 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 18 December 2023 when conducting the Purchases contemplated under the 2024 Smart Solutions Supplemental Agreement and 2024 Smart Solutions Framework Agreement. The aforementioned internal control procedures and pricing policies under the 2024 Smart Solutions Framework Agreement are set out below for easy reference:

- (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 Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions 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 the said agreement.

The Company's external auditors will review the continuing connected transactions under the 2024 Smart Solutions Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions Framework Agreement 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 Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions Framework Agreement.

The Company will continue to closely monitor the implementation of the 2024 Smart Solutions Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions Framework Agreement 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 approximately 62.4% by Haitian Enterprise Management, as to approximately 19.0% by Xinhua Investment, as to approximately 7.5% by Mr. Zhang Bin and as to approximately 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 approximately 40.0% by Mr. Zhang Jianming (the chairman of the Board and an executive Director) and as to approximately 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 approximately 92.1% by Haitian Enterprise Management, as to approximately 1.2% by Mr. Zhang Bin and as to approximately 6.7% 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 14.06 of the Listing Rules) with respect to the 2024 Smart Solutions Supplemental Agreement are higher than 0.1% but less than 5%, the 2024 Smart Solutions Supplemental Agreement is subject to the reporting and announcement requirements set out in Rules 14A.68 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 Supplemental Agreement (including the Revised Caps) and 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 2024 Smart Solutions Supplemental Agreement (including the Revised Caps). In addition, each of Mr. Zhang Jianfeng, the executive Director of the Company and as associate of Mr. Zhang Jianming, and Ms. Chen Lu, the executive Director of the Company and wife of Mr. Zhang Bin, is required to abstain from voting on the Board resolution.

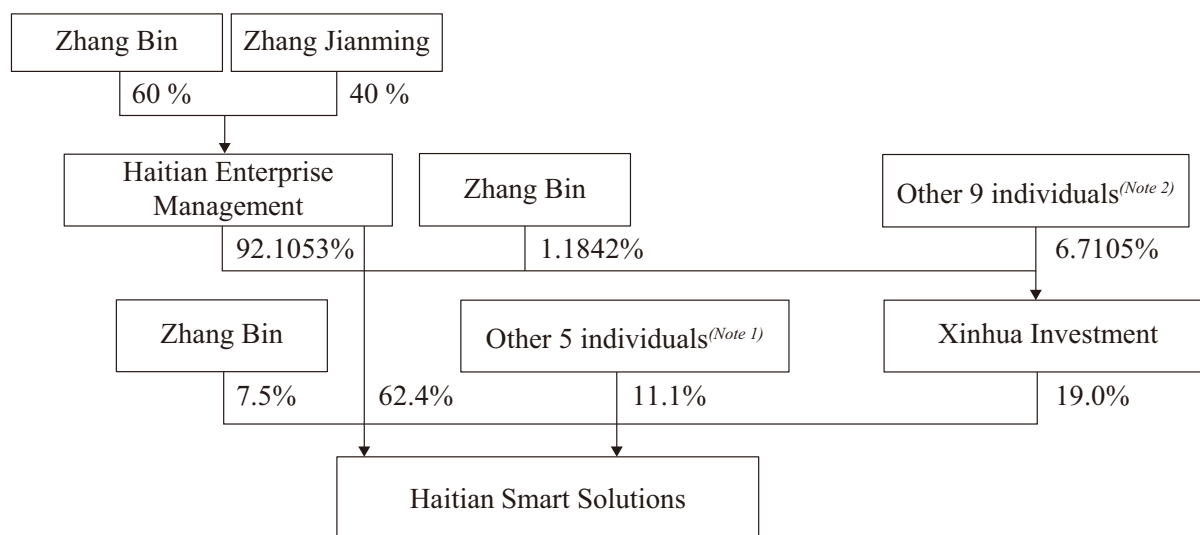
Save as disclosed, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the other Directors and/or their associates have material interest in the 2024 Smart Solutions Supplemental Agreement (including the Revised Caps) and the 2024 Smart Solutions 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.

“2024 Smart Solutions Framework Agreement”	the agreement dated 18 December 2023 entered into between Haitian Plastics Machinery and Haitian Smart Solutions for a term commencing from 1 January 2024 to 31 December 2026;
“2024 Smart Solutions Supplemental Agreement”	the supplemental agreement dated 16 December 2024 entered into between Haitian Plastics Machinery and Haitian Smart Solutions for revising the Existing Caps and setting out the Revised Caps 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;
“Existing Caps”	the existing annual caps of the Purchases under the 2024 Smart Solutions Framework Agreement for the three years ending 31 December 2024, 2025 and 2026, as stated in the announcement of the Company dated 18 December 2023;
“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 and 2024 Smart Solutions Supplemental Agreement;
“Revised Caps”	the revised annual caps of the Purchases under the 2024 Smart Solutions Supplemental Agreement for the three years ending 31 December 2024, 2025 and 2026, as stated in this announcement;
“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, 16 December 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 purposes only*