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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)

CONNECTED TRANSACTION ACQUISITION OF 25% EQUITY INTERESTS OF ANSON CNC

THE AGREEMENT

The Board is pleased to announce that, on 18 July 2019 (after trading hours), Haitian Plastics Machinery and HDS Hong Kong entered into an agreement, pursuant to which Haitian Plastics Machinery has agreed to acquire and HDS Hong Kong has agreed to sell the Shares, representing 25% of the equity interests of Anson CNC, at the Consideration of RMB515 million (equivalent to approximately HK\$588 million), which shall be settled by cash.

After the completion of Acquisition, the Group will hold 25% of the equity interests of Anson CNC. Anson CNC and its financial results will not be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

HDS Hong Kong, the vendor in this transaction, 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 Acquisition are higher than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

A. SHARE TRANSFER AGREEMENT

Parties to the Share Transfer Agreement

- (i) Haitian Plastics Machinery (as purchaser); and
- (ii) HDS Hong Kong (as vendor).

Date of the Share Transfer Agreement

18 July 2019 (after trading hours)

Equity interests to be Acquired

Haitian Plastics Machinery has entered into the Share Transfer Agreement with HDS Hong Kong to acquire 25% equity interests of Anson CNC. After the completion of Acquisition, Anson CNC will be owned as to 25% by the Group.

Information of Anson CNC

Anson CNC is a joint venture limited liability company with a registered capital of US\$5 million. It is a national high-tech enterprise principally engaged in research, development, manufacturing and sales of servo motors and servo control systems in the PRC with a production facility covering an area of 42,500 square meters.

Consideration

The consideration for the Acquisition by Haitian Plastics Machinery from HDS Hong Kong is RMB515 million (equivalent to approximately HK\$585 million), to be paid by Haitian Plastics Machinery by 2 installments in cash. The first installment being 30% of the Consideration shall be paid within 7 days after the Share Transfer Agreement is signed and the second installment being 70% of the Consideration shall be paid within 7 days after the registration procedure for transfer of the Shares is completed.

The Consideration for the Acquisition will be funded by the Group's internal resources.

Basis of Consideration

The Consideration for the Acquisition was determined after arm's length negotiations between the parties to the Share Transfer Agreement after taking into consideration various factors, including but not limited to (i) the historical trend and financial performance of Anson CNC; (ii) the development potential of Anson CNC; and (iii) the financial ratios of comparable companies listed on various stock exchanges which engage in similar manufacturing business and also considering discount.

Original Acquisition Cost of the Shares paid by HDS Hong Kong

To the best knowledge of the Company and after making reasonable enquiries, the aggregate original acquisition cost of the Shares paid by the vendor in 2012 was approximately RMB39.23 million (equivalent to approximately HK\$44.58 million).

B. REASONS FOR AND BENEFITS OF THE ACQUISITION

Anson CNC is principally engaged in the design, research and development, manufacturing, marketing and sale of servo motors, servo drivers and motion controllers. The Acquisition is in line with the long term business strategy of the Group and could help to strengthen the Group's leading position in the industry. It could secure a steady supply of the parts for the Group's production and facilitates better implementation of synergistic cooperation between the Group and Anson CNC. The Acquisition will also provide an opportunity to bring financial growth to the Group and enhance the return to its shareholders in the long run.

The Directors, including the independent non-executive Directors, believe that the Acquisition is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

C. LISTING RULES IMPLICATIONS

HDS Hong Kong is owned as to approximately 25% by Lordachive Investments, 15% by Board Commend, 12% by Fiery Force, 10% by Sky Advantage, 9% by Sino Thrill, 5% by Ocean Violet and as to approximately 24% by other independent shareholders. Mr. Zhang Jingzhang and his associates (including Mr. Zhang Jianming and Mr. Zhang Jianfeng, both executive Directors and the sons of Mr. Zhang Jingzhang, and Mr. Guo Mingguang and Mr. Liu Jianbo, both non-executive Directors and the sons-in-law of Mr. Zhang Jingzhang) are interested in 76% equity interest in HDS Hong Kong. Pursuant to Rules 14A.06 and 14A.21 of the Listing Rules, HDS Hong Kong is a connected person of the Company. In addition, Mr. Zhang Bin (son of Mr. Zhang Jianming) is director of Lordachive Investments. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) with respect to the Acquisition are higher than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Zhang Jingzhang, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang, Mr. Liu Jianbo and Mr. Zhang Bin have a material interest in the transaction and they have abstained 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, HDS Hong Kong and its ultimate beneficial owners are not in any other way connected with the Company.

D. 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 one of the major operating subsidiaries of the Company and it is engaged in production and sale of plastic injection moulding machineries and investment holding, respectively.

HDS Hong Kong is engaged in the design, research and development, manufacturing, marketing and sale of servo motors, servo drivers and motion controllers.

E. FINANCIAL INFORMATION OF ANSON CNC

Set out below are the financial information of Anson CNC:

The audited net profit (before and after taxation) of the Anson CNC for the two years ended 31 December 2017 and 2018 are as below:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	258,941	198,331
Profit after taxation	222,949	170,501

As at 31 December 2018, the audited total assets and the audited net liabilities of Anson CNC amounted to approximately RMB1,083.97 million and RMB500.15 million, respectively.

F. DEFINITIONS

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

“Acquisition”	the acquisition of the Shares by Haitian Plastics Machinery from HDS Hong Kong;
“Anson CNC”	寧波安信數控技術有限公司 (Ningbo Anson CNC Technology Co., Ltd.*), a sino-foreign equity joint venture established in the PRC and indirect non-wholly owned by the ultimate controlling shareholder of the Company, with the registered address at No. 1, Block 6, 518 Xiaoxiajiang Middle Road, Beilun District, Ningbo, Zhejiang Province, China;
“Associate(s)”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors of the Company;
“Broad Commend”	Broad Commend Limited, a limited liability company incorporated in British Virgin Islands;
“Company”	Haitian International Holdings Limited, a limited liability company incorporated in the Cayman Islands;
“Connected person(s)”	has the meaning as defined in the Listing Rules;

“Consideration”	RMB515 million being the total consideration for the Acquisition;
“Director(s)”	director(s) of the Company;
“Fiery Force”	Fiery Force Inc, a limited liability company incorporated in British Virgin Islands;
“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 Hong Kong”	Haitian Driving System (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a connected person of the Company;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lordachive Investments”	Lordachive Investments Ltd, a limited liability company incorporated in British Virgin Islands;
“Ocean Violet”	Ocean Violet Limited, a limited liability company incorporated in British Virgin Islands;
“PRC”	the People’s Republic of China;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC;
“Shares”	the 25% of the equity interest of Anson CNC;
“Share Transfer Agreement”	the share transfer agreement in Chinese dated 18 July 2019 entered into between Haitian Plastics Machinery as Purchaser and HDS Hong Kong as vendor for the sale and purchase of the Shares;
“Sino Thrill”	Sino Thrill International Limited, a limited liability company incorporated in British Virgin Islands;

“Sky Advantage”

Sky Advantage Holdings Limited, a limited liability company incorporated in British Virgin Islands; and

“%”

per cent.

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

Hong Kong, 18 July 2019

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 Prof. Helmut Helmar Franz, Mr. Guo Mingguang, Mr. Liu Jianbo, Mr. Zhang Jianguo and Ms. Chen Ningning; and the Independent Non-executive Directors are Mr. Lou Baijun, Mr. Jin Hailiang, Mr. Guo Yonghui, Dr. Yu Junxian and Mr. Lo Chi Chiu.

In this announcement, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of RMB0.88 = HK\$1.00, for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into HK dollars at such rates or any other exchange rates on such date or any other date.

* *for identification purpose only*