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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)

Supplemental announcement in relation to the 2018 Annual Report and 2019 Interim Report

Reference is made to the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) and the interim report of the Company for six months ended 30 June 2019 (the “**2019 Interim Report**”) respectively. The board of directors (the “**Board**”) of the Company wishes to provide the following additional information in respect of the Company’s financial assets at fair value through profit or loss as disclosed in the 2018 Annual Report and the 2019 Interim Report. Unless stipulated otherwise, terms used in this announcement shall have the same meanings as given to them in the 2018 Annual Report and the 2019 Interim Report respectively.

As at 31 December 2018, the Company held financial assets at fair value through profit or loss of approximately RMB4,349.6 million, particulars of which are set out below:

- For principal guaranteed Financial Assets (the single largest investment amount is RMB100 million and the average single investment amount is RMB50.53 million):

Categories of Financial Assets	Number of the Financial Assets	Investment Cost as of 31 December 2018	Fair Value as of 31 December 2018	Percentage of Fair Value of Individual Financial Asset	Ratio of Fair Value to Total Asset Value	Historical Interest Rates	Expected Date of Expiration
Structured Deposit (Note 1)	49	2,486,500,000	2,509,962,731	83.05%	13.36%	2.38%-5.00%	02/01/2019-16/08/2019
Term Bank Wealth Management Products (Note 3)	10	495,000,000	512,153,889	16.95%	2.73%	4.00%-5.00%	01/02/2019-15/11/2019
Total	59	2,981,500,000	3,022,116,620	100.00%	16.09%		

- For non-principal guaranteed Financial Assets (the single largest investment amount is RMB300 million and the average single investment amount is RMB60.20 million):

Categories of Financial Assets	Number of the Financial Assets	Investment Cost as of 31 December 2018	Fair Value as of 31 December 2018	Percentage of Fair Value of Individual Financial Asset	Ratio of Fair Value to Total Asset Value	Historical Interest Rates	Expected Date of Expiration
Demand Bank Wealth Management Products (Note 2)	15	1,300,000,000	1,302,935,162	98.15%	6.93%	3.00%-3.79%	Redeemable by the Company at any time
Term Bank Wealth Management Products (Note 3)	7	24,350,000	24,564,091	1.85%	0.13%	3.12%-4.80%	23/01/2019-13/03/2019
Total	22	1,324,350,000	1,327,499,253	100.00%	7.06%		

As at 30 June 2019, the Company held financial assets at fair value through profit or loss of approximately RMB4,214.7 million, particulars of which are set out below:

- For principal guaranteed Financial Assets (the single largest investment amount is RMB100 million and the average single investment amount is RMB57.53 million):

Categories of Financial Assets	Number of the Financial Assets	Investment Cost as of 30 June 2019	Fair Value as of 30 June 2019	Percentage of Fair Value of Individual Financial Asset	Ratio of Fair Value to Total Asset Value	Historical Interest Rates	Expected Date of Expiration
Structured Deposit (Note 1)	45	2,604,000,000	2,623,933,928	96.26%	14.31%	2.00%-4.90%	05/07/2019-23/06/2020
Term Bank Wealth Management Products (Note 3)	2	100,000,000	101,849,028	3.74%	0.56%	3.80%-4.30%	15/11/2019-13/03/2020
Total	47	2,704,000,000	2,725,782,956	100.00%	14.87%		

- For non-principal guaranteed Financial Assets (the single largest investment amount is RMB100 million and the average single investment amount is RMB25.05 million):

Categories of Financial Assets	Number of the Financial Assets	Investment Cost as of 30 June 2019	Fair Value as of 30 June 2019	Percentage of Fair Value of Individual Financial Asset	Ratio of Fair Value to Total Asset Value	Historical Interest Rates	Expected Date of Expiration
Demand Bank Wealth Management Products (Note 2)	17	280,500,000	282,995,747	19.01%	1.54%	3.00%-3.34%	Redeemable by the Company at any time
Term Bank Wealth Management Products (Note 3)	20	52,500,000	52,759,064	3.54%	0.29%	3.80%-4.50%	29/07/2019-21/06/2020
Trust Products (Note 4)	20	1,050,000,000	1,083,203,333	72.75%	5.91%	6.50%-8.50%	16/07/2019-20/01/2020
Fund Products (Note 5)	1	70,000,000	70,000,000	4.70%	0.38%	0.00%-7.12%	29/03/2020
Total	58	1,453,000,000	1,488,958,144	100.00%	8.12%		

Note:

- Structured Deposit and its investment strategy: This product is the time deposit linked to Interbank Offered Rate or bonds with high credit rating and good liquidity. It normally has fixed term and its interest rate is set based on Interbank Offered Rate, the interest rate of applicable bonds or the monetary market instruments, which is normally higher than that of banks' time deposit.*
- Demand Bank Wealth Management Product and its investment strategy: This product is the direct investment or the indirect investment through various asset management products approved by regulatory authorities, into monetary market instruments, fixed return securities, other non-standard assets in debt capital market and/or other financial instruments approved by the regulatory authorities, so as to enable funds to realise higher return than that of banks' demand deposit. Such product could be redeemed at any time by the investor, which means high liquidity and security.*
- Term Bank Product Wealth Management and its investment strategy: This product is the investment into a portfolio, including state bonds, central bank notes, various enterprise bonds, interbank deposit, interbank lending, monetary market instrument, derivative instruments and other financial assets approved by the regulatory authorities with high liquidity. It adopts active investment strategies, such as individual bond selection and interest rate strategy, to explore and utilise investment opportunities arising from market imbalances to achieve portfolio value added subject to strict risk control. This product normally has a fixed investment term.*
- Trust Product and its investment strategy: This product is the investment into assets with high liquidity and low risk as well as those into investment trust schemes issued by financial institutions as standardized financial products. It adopts investment strategies with priority in security and liquidity while pursuing an appropriate level of return. Normally its profitability is stable.*
- Fund Product and its investment strategy: This product is the investment into various portfolio, such as equities, bonds, monetary market instruments or cash. It seeks to provide high capital appreciation for investors.*

Investment Strategy and Future Prospects

The Company's investments in financial assets at fair value through profit or loss have been conducted on the premises that such investments would not affect the working capital of the Company or the daily operation of the Company's principal business. Giving top priority to prevention of excessive risk, the Company implemented control and made prudent decisions in respect of such investments on the principle of protecting the interests of the Company and its shareholders as a whole. The Company will consider the overall return in the financial market, stability and liquidity of the market, possible return of specific product and other relevant factors in making specific investment. Such investments are conducive to improving the capital usage efficiency and generating investment return from the Company's temporarily idle funds. On one hand, the Company is still able to retain flexibility in redeeming the Financial Assets whenever it foresees there is a cash need, while at the same time the Company is able to generate a relatively higher return from such investments than fixed-term bank deposits.

Subject to any unforeseeable changes in China's and global economic, political and social conditions, the Company currently expects that the Company will continue to make such investments as and where appropriate pursuant to the investment strategy mentioned above. It is currently expected that barring any unforeseeable circumstances, such investments would continue to generate additional return for the Company.

The additional information above does not affect other information contained in the 2018 Annual Report and the 2019 Interim Report. The contents of the 2018 Annual Report and the 2019 Interim Report remain unchanged.

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

Hong Kong, 18 October 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.