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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 DISPOSAL OF THE EQUITY INTERESTS IN HANGZHOU KEQIANG

THE AGREEMENT

The Board is pleased to announce that, on 28 May 2021 (after trading hours), Haitian Plastics Machinery and Haitian Smart Solutions entered into the Share Transfer Agreement, pursuant to which Haitian Plastics Machinery has agreed to sell and Haitian Smart Solutions has agreed to purchase the Shares, representing 66.5% of the equity interests of Hangzhou Keqiang, at the Consideration of RMB29.925 million (equivalent to approximately HK\$36.436 million), which shall be settled by cash.

After the completion of Disposal, the Group will hold no equity interests of Hangzhou Keqiang.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Haitian Smart Solutions, the purchaser in this transaction, is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction 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 Disposal are higher than 0.1% but less than 5%, the Disposal 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. DISPOSAL OF THE EQUITY INTERESTS

Parties to the Share Transfer Agreement

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

Date of the Share Transfer Agreement

28 May 2021 (after trading hours)

Equity Interests to be disposed

Haitian Plastics Machinery has entered into the Share Transfer Agreement with Haitian Smart Solutions to dispose 66.5% equity interests in the registered capital of Hangzhou Keqiang. After the completion of the Disposal, the Group will hold no equity interests of Hangzhou Keqiang.

Information of Hangzhou Keqiang

Hangzhou Keqiang is a limited liability company with a registered capital of RMB20.0 million. It is principally engaged in technology development and service businesses regarding information technology, intelligence-controlled equipment and electronic products in the PRC.

Consideration

The total consideration for the Disposal by Haitian Plastics Machinery to Haitian Smart Solutions is approximately RMB29.925 million (equivalent to approximately HK\$36.436 million) (the “**Consideration**”), to be paid by Haitian Smart Solutions by 2 installments in cash. The first installment being 50% of the Consideration shall be paid within 7 working days after the Share Transfer Agreement is signed and the second installment being 50% of the Consideration shall be paid within 7 working days after the registration procedure for transfer of the Shares is completed.

The Consideration was based on the valuation of Hangzhou Keqiang conducted by an independent appraisal firm on adopting an income approach and was determined on the basis of normal commercial terms following arm’s length negotiations between the Group and Haitian Smart Solutions.

B. REASONS FOR AND BENEFITS OF THE DISPOSAL

Hangzhou Keqiang was set up by the Group in Hangzhou in 2018 for the purpose of developing smart solutions which are suitable for the manufacturing industry. The Board considers that the business operated by Hangzhou Keqiang is not the core business that the Group is focusing on. Considering the current business and future outlook of Hangzhou Keqiang, in order to focus on the Group's main business, the Group intends to dispose all its shares in Hangzhou Keqiang, which could be more beneficial to the Group and effectively reduce the Group's operating risks outside its main business.

The Directors, including the independent non-executive Directors, believe that (1) the Disposal is on normal commercial terms and in the ordinary and usual course of business of the Group; (2) the terms of the Disposal are fair and reasonable and (3) in the interests of the Company and its shareholders as a whole.

C. LISTING RULES IMPLICATIONS

Haitian Smart Solutions is owned as to 60.0% by Haitian Enterprise Management, as to 19.0% by Xinhua Investment, as to 7.5% by Zhang Bin and as to 13.5% by six independent individuals (Zhang Jianbo, Wang Xianbin, Chen Xiaoqiang, Xu Wenjie, Zheng Huaqiang and Xu Ying) collectively. Haitian Enterprise Management is owned as to 40% by Mr. Zhang Jianming and as to 60% by Mr. Zhang Bin. Xinhua Investment is owned as to 33.8% by Mr. Zhang Bin and as to 66.2% by four independent individuals (Zhang Shuixin, Yan Hubin, Xu Bizhe, and Wu Lizhan) collectively. Mr. Zhang Jianming, the Executive Director of the Board, and Mr. Zhang Bin, the son of Mr. Zhang Jianming and also an Executive Director of the Board are interested in 100.0% equity interest in Haitian Enterprise Management and Mr. Zhang Bin is interested in approximately 33.8% partnership interest in Xinhua Investment. Pursuant to Rule 14A.11(4) 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 Disposal are higher than 0.1% but less than 5%, the Disposal 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 of 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 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, none of the other Directors have material interest in the Disposal and/or is required to abstain from voting on the relevant Board resolutions.

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 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, intelligent control system integration.

FINANCIAL INFORMATION OF HANGZHOU KEQIANG

Set out below is a summary of the unaudited financial information of Hangzhou Keqiang for the two years ended 31 December 2019 and 2020, respectively:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Net profit/(loss) before taxation	7,479	434
Net profit/(loss) after taxation	7,479	434
Total assets	27,743	19,421
Net assets	25,649	18,171

FINANCIAL EFFECT OF THE DISPOSAL

Based on (i) the Consideration of RMB29.925 million (equivalent to approximately HK\$36.436 million); (ii) the estimated expenses relating to the Disposal of approximately RMB2.6 million (equivalent to approximately HK\$3.166 million); (iii) the audited net assets of Hangzhou Keqiang attributable to the Group as at 31 December 2020 of approximately RMB17.1 million (equivalent to approximately HK\$20.821 million), it is estimated that the Group will record a gain of approximately RMB10.2 million (equivalent to approximately HK\$12.419 million) from the Disposal. The actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net assets/liabilities of Hangzhou Keqiang at the date of Completion and therefore may be different from the amount mentioned above.

Upon Completion, Hangzhou Keqiang will no longer be subsidiary of the Company. Accordingly, the assets, liabilities and the financial results of Hangzhou Keqiang will no longer be consolidated into the financial statements of the Group.

E. DEFINITIONS

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

“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;
“Completion”	completion of the sale and purchase of the Equity Interests in accordance with the terms and conditions of the Share Transfer Agreement;
“connected person”	has the meaning as defined in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Equity Interests by Haitian Plastics Machinery to Haitian Smart Solutions;
“Equity Interests”	the 66.5% equity interests in the registered capital of Hangzhou Keqiang;
“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;
“Hangzhou Keqiang”	杭州科強信息技術有限公司 (Hangzhou Keqiang Information Technology Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company;

“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC;
“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;
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC;
“Shares”	the shares in Hangzhou Keqiang, representing the Equity Interests;
“Share Transfer Agreement”	The share transfer agreement dated 28 May 2021 entered into between Haitian Plastics Machinery as vendors and Haitian Smart Solutions as purchaser for the sale and purchase of the Equity Interests; 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
Mr. Zhang Jingzhang
Chairman

Ningbo, PRC, 28 May 2021

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 Director is Mr. Guo Mingguang and Mr. Liu Jianbo; and the Independent Non-executive Directors are Mr. Lou Baijun, 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 RMB0.8213 = 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 purposes only