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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 CONNECTED TRANSACTION DISPOSAL OF THE EQUITY INTERESTS IN HANGZHOU KEQIANG

Reference is made to the announcement of the Company dated 28 May 2021 (the “**Announcement**”) in relation to the disposal of 66.5% equity interest in Hangzhou Keqiang. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLIANCE WITH THE LISTING RULES

天津中聯資產評估有限責任公司 (Tianjin China United Assets Appraisal Company Ltd.*) (the “**Valuer**”), an independent valuer, has conducted the valuation in Hangzhou Keqiang which forms the basis for determining the Consideration. As the valuation was prepared based on the discounted cash flow method, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

PROFIT FORECAST IN RELATION TO THE VALUATION METHOD

Pursuant to the valuation report for the valuation of Hangzhou Keqiang conducted by the Valuer (the “**Valuation Report**”), details of the principal assumptions, including the commercial assumptions, upon which the profit forecast is based are set out as follows:

1. There is no material change in China’s current economic policies, as well as in the socio-economic environment of the region where Hangzhou Keqiang is located. The development trend of the industry in which Hangzhou Keqiang operates is stable. The current laws, regulations and economic policies relating to Hangzhou Keqiang’s production and operation remain stable.
2. For Hangzhou Keqiang, its revenue is predictable, the materials consumed in its production and operation has no material changes in the supply and prices, and its product prices have no unforeseeable material changes, assuming that it is able to continue as a going concern in accordance with its planned business objectives and operating approaches.

3. Hangzhou Keqiang's risks of management, capital, market, technology and talent are within a controllable range or can be effectively resolved, assuming that Hangzhou Keqiang's management is diligent and responsible, and has sufficient management skills and good professional ethics.
4. Assuming that Hangzhou Keqiang has no material changes in its financial structure and capital scale during the operating period in the future.
5. Assuming that the objectives and measures formulated by Hangzhou Keqiang can be achieved as scheduled based on the prescribed timeframe and progress while achieving the anticipated benefits during the profit period; the receivables can be recovered and the payables shall be paid on a regular basis.
6. Assuming that there is no unforeseeable and force majeure factors that will have a significant impact on Hangzhou Keqiang's operation.
7. Assuming that both the revenue and costs of Hangzhou Keqiang in the profit period are incurred evenly within one year.
8. Assuming that the leased assets by Hangzhou Keqiang can be renewed on a normal basis.
9. Assuming that Hangzhou Keqiang will be able to pass the high-tech enterprise review in the future and be entitled to the preferential income tax rate of 15%.

Confirmations

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged its reporting accountants, HLB Hodgson Impey Cheng Limited, to report on the calculations in which the Valuation Report was based.

HLB Hodgson Impey Cheng Limited has reported to the Directors in respect of the compilation of the discounted future cash flows in connection with the valuation of Hangzhou Keqiang, prepared by the Valuer as set out in the Valuation Report. The Directors are solely responsible for the assumptions described above and the work performed by Hodgson Impey Cheng Limited did not include any assessment of the reasonableness or validity of the bases and assumptions. The discounted future cash flows do not involve the adoption of accounting policies.

The Directors have reviewed the assumptions based upon which the valuation of Hangzhou Keqiang was prepared and have considered the report from HLB Hodgson Impey Cheng Limited. The Directors confirm that the valuation of Hangzhou Keqiang has been made after due and careful inquiry.

A report from HLB Hodgson Impey Cheng Limited dated 18 June 2021 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board dated 18 June 2021 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
天津中聯資產評估有限責任公司 (Tianjin China United Assets Appraisal Company Ltd.*)	Valuer
HLB Hodgson Impey Cheng Limited	Certified Public Accountant, Hong Kong

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Valuer and HLB Hodgson Impey Cheng Limited is a third party independent of the Group and its connected person(s).

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, none of the Valuer or HLB Hodgson Impey Cheng Limited has any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

Each of the Valuer and HLB Hodgson Impey Cheng Limited had given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

By Order of the Board
Haitian International Holdings Limited
Zhang Jingzhang
Chairman

Ningbo, the PRC
18 June 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 Directors are 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.

* For identification purpose only

APPENDIX I – REPORT FROM HLB HODGSON IMPEY CHENG LIMITED

The following is the text of a report from the Company’s reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN 杭州科強信息技術有限公司 (HANGZHOU KEQIANG INFORMATION TECHNOLOGY CO., LTD.*) (“HANGZHOU KEQIANG”)

TO THE BOARD OF DIRECTORS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

We refer to the discounted future cash flows on which the valuation (“**the Valuation**”) dated 10 April 2021 prepared by 天津中聯資產評估有限責任公司 (Tianjin China United Assets Appraisal Company Ltd.*) in respect of the valuation of Hangzhou Keqiang (“**the Target Company**”) as at 31 December 2020 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of Haitian International Holdings Limited (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Yu Chi Fat

Practising Certificate Number: P05467

Hong Kong, 18 June 2021

APPENDIX II – LETTER FROM THE BOARD

18 June 2021

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sirs,

We refer to the announcement of the Company dated 28 May 2021 (the “**Announcement**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

Reference is made to the valuation report (the “**Valuation Report**”) dated 10 April 2021 prepared by Tianjin China United Assets Appraisal Company Ltd., an independent valuer (the “**Valuer**”), in relation to the valuation of the entire equity interests of 杭州科強信息技術有限公司 (Hangzhou Keqiang Information Technology Co., Ltd.*). The Valuation is based on the discounted future estimated cash flows of Hangzhou Keqiang, which is deemed to be a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer and reviewed the assumptions based upon which the Valuation Report was prepared. We have also engaged Hodgson Impey Cheng Limited to report on the calculations of the discounted future cash flows used in the Valuation Report and considered the report from Hodgson Impey Cheng Limited.

Based on the aforesaid, we confirm that the profit forecast as contained in the Valuation Report have been made after due and careful inquiry.

Yours faithfully,
For and on behalf of the board of Directors
Haitian International Holdings Limited
Zhang Jingzhang
Chairman