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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**HIGHLIGHTS**

	<b>Six months ended 30 June</b>		<b>Change %</b>
	<b>2022</b>	<b>2021</b>	
	<b>RMB' million</b>	<b>RMB' million</b>	
Revenue	<b>6,509.6</b>	8,225.8	-20.9
Gross profit	<b>2,000.2</b>	2,659.2	-24.8
Operating profit	<b>1,354.6</b>	1,863.7	-27.3
Profit attributable to shareholders of the Company	<b>1,172.3</b>	1,583.8	-26.0
Basic Earnings per share (expressed in RMB per share)	<b>0.73</b>	0.99	-26.0

- Under the complicated foreign situation and the negative impact of domestic outbreaks of COVID-19 pandemic on the Company's business, the sales of the Company amounted to RMB6,509.6 million for the six months ended 30 June 2022, representing a decrease of 20.9% compared to the same period in 2021.
- As the raw material prices remained high and the utilisation of new production capacity was low during the Reporting Period, the gross profit margin decreased to 30.7% (1H2021: 32.3%).
- The net profit attributable to shareholders of the Company for the six months ended 30 June 2022 decreased to RMB1,172.3 million, representing a decrease of 26.0% compared to the same period in 2021.
- The Company has always been focusing on the flexibility and efficiency in operation and has solid capacity in working capital management. The net cash generated from operating activities of the Company for the six months ended 30 June 2022 reached RMB811.0 million (1H2021: RMB1,478.8 million) with a net cash position (including wealth management products) amounting to RMB9,585.2 million (31 December 2021: RMB10,685.4 million).
- Basic earnings per share amounted to RMB0.73 during the Reporting Period, representing a decrease of 26.0% compared to the same period last year.
- The Board has resolved not to declare an interim dividend for the Reporting Period, but may consider a distribution after review of the annual results by the Board.

## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Haitian International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts expressed in RMB’000 unless otherwise stated)

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
Revenue	4	<b>6,509,609</b>	8,225,795
Cost of sales		<b>(4,509,434)</b>	(5,566,551)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>2,000,175</b>	2,659,244
Selling and marketing expenses		<b>(535,236)</b>	(594,023)
General and administrative expenses		<b>(388,755)</b>	(447,379)
Other income		<b>179,226</b>	126,188
Other gain – net		<b>99,183</b>	119,647
		<hr/>	<hr/>
<b>Operating profit</b>	5	<b>1,354,593</b>	1,863,677
Finance income	6	<b>101,818</b>	96,996
Finance costs	6	<b>(30,261)</b>	(22,627)
		<hr/>	<hr/>
Finance income – net	6	<b>71,557</b>	74,369
Share of profit of associates		<b>12,989</b>	19,700
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>1,439,139</b>	1,957,746
Income tax expense	7	<b>(266,896)</b>	(375,880)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>1,172,243</b>	1,581,866
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>1,172,258</b>	1,583,757
Non-controlling interests		<b>(15)</b>	(1,891)
		<hr/>	<hr/>
		<b>1,172,243</b>	1,581,866
		<hr/>	<hr/>
<b>Dividends</b>	8	–	–
		<hr/>	<hr/>
<b>Earnings per share for profit attributable to shareholders of the Company during the period (expressed in RMB per share)</b>			
– Basic and Diluted	9	<b>0.73</b>	0.99
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2022	2021
<b>Profit for the period</b>		
<b>Other comprehensive income for the period:</b>	<b>1,172,243</b>	1,581,866
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>33,914</u>	<u>(20,032)</u>
<b>Total comprehensive income for the period</b>	<b><u>1,206,157</u></b>	<b><u>1,561,834</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>1,206,317</b>	1,563,777
Non-controlling interests	<b><u>(160)</u></b>	<b><u>(1,943)</u></b>

## CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts expressed in RMB'000 unless otherwise stated)

		30 June 2022	31 December 2021
	Note	Unaudited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,760,235	4,366,451
Right-of-use assets		716,182	703,787
Intangible assets		51,864	52,494
Deferred income tax assets		212,959	207,501
Other financial assets at amortised cost		249,766	8,920
Prepayments and other assets		75,342	82,912
Trade and bills receivable	11	163,408	133,637
Financial assets at fair value through profit or loss	12	792,655	260,000
Investment in an associate		531,514	518,533
Financial assets at fair value through other comprehensive income		–	500
Term deposits		870,000	2,067,541
		<u>8,423,925</u>	<u>8,402,276</u>
<b>Current assets</b>			
Inventories		3,092,713	3,009,566
Trade and bills receivable	11	2,767,469	3,506,940
Other financial assets at amortised cost		379,023	483,647
Prepayments and other assets		61,544	211,808
Prepaid income tax		17,067	20,210
Financial assets at fair value through profit or loss	12	4,829,205	5,893,364
Restricted bank deposits		59,068	87,882
Term deposits		2,169,845	945,000
Cash and cash equivalents		3,112,053	3,592,622
		<u>16,487,987</u>	<u>17,751,039</u>
<b>Total assets</b>		<u>24,911,912</u>	<u>26,153,315</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	13	160,510	160,510
Share premium		1,331,913	1,331,913
Other reserves		2,194,043	1,779,452
Retained earnings		12,220,936	12,662,502
		<u>15,907,402</u>	<u>15,934,377</u>
<b>Non-controlling interests</b>		473	633
<b>Total equity</b>		<u>15,907,875</u>	<u>15,935,010</u>

**CONDENSED CONSOLIDATED BALANCE SHEET** *(Continued)*  
*(Amounts expressed in RMB'000 unless otherwise stated)*

		<b>30 June 2022</b>	31 December 2021
	<i>Note</i>	<b>Unaudited</b>	Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		<b>50,356</b>	48,420
Deferred income tax liabilities		<b>408,868</b>	527,169
Bank borrowings		<b>33,717</b>	300,000
Lease liabilities		<b>276</b>	270
		<u><b>493,217</b></u>	<u>875,859</u>
<b>Current liabilities</b>			
Trade and bills payable	<i>14</i>	<b>4,060,469</b>	4,222,289
Accruals and other payables		<b>1,568,005</b>	1,850,738
Contract liabilities		<b>530,581</b>	1,089,035
Current income tax liabilities		<b>137,615</b>	319,134
Bank borrowings		<b>2,213,886</b>	1,860,970
Lease liabilities		<b>264</b>	280
		<u><b>8,510,820</b></u>	<u>9,342,446</u>
<b>Total liabilities</b>		<u><b>9,004,037</b></u>	<u>10,218,305</u>
<b>Total equity and liabilities</b>		<u><b>24,911,912</b></u>	<u>26,153,315</u>
<b>Net current assets</b>		<u><b>7,977,167</b></u>	<u>8,408,593</u>
<b>Total assets less current liabilities</b>		<u><b>16,401,092</b></u>	<u>16,810,869</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(Amounts expressed in RMB'000 unless otherwise stated)*

	Attributable to shareholders of the Company					Non- controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2021</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,613,756</b>	<b>11,671,055</b>	<b>14,777,234</b>	<b>8,802</b>	<b>14,786,036</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	1,583,757	1,583,757	(1,891)	1,581,866
<b>Other comprehensive income</b>							
Currency translation differences	-	-	(19,980)	-	(19,980)	(52)	(20,032)
<b>Total comprehensive income for the period ended 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(19,980)</b>	<b>1,583,757</b>	<b>1,563,777</b>	<b>(1,943)</b>	<b>1,561,834</b>
<b>Transactions with owners</b>							
Dividend paid – 2020 second interim	-	-	-	(868,791)	(868,791)	-	(868,791)
Dividend paid – 2020 special interim	-	-	-	(1,002,452)	(1,002,452)	-	(1,002,452)
Disposal of a subsidiary	-	-	-	-	-	(6,214)	(6,214)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,871,243)</b>	<b>(1,871,243)</b>	<b>(6,214)</b>	<b>(1,877,457)</b>
<b>Balance at 30 June 2021</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,593,776</b>	<b>11,383,569</b>	<b>14,469,768</b>	<b>645</b>	<b>14,470,413</b>
<b>Balance at 1 January 2022</b>	<b>160,510</b>	<b>1,331,913</b>	<b>1,779,452</b>	<b>12,662,502</b>	<b>15,934,377</b>	<b>633</b>	<b>15,935,010</b>
<b>Comprehensive income</b>							
Profit for the period	-	-	-	1,172,258	1,172,258	(15)	1,172,243
<b>Other comprehensive income</b>							
Currency translation differences	-	-	34,059	-	34,059	(145)	33,914
<b>Total comprehensive income for the period ended 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>34,059</b>	<b>1,172,258</b>	<b>1,206,317</b>	<b>(160)</b>	<b>1,206,157</b>
<b>Transactions with owners</b>							
Dividend paid – 2021 second interim	-	-	-	(1,233,292)	(1,233,292)	-	(1,233,292)
Appropriations	-	-	380,532	(380,532)	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>380,532</b>	<b>(1,613,824)</b>	<b>(1,233,292)</b>	<b>-</b>	<b>(1,233,292)</b>
<b>Balance at 30 June 2022</b>	<b>160,510</b>	<b>1,331,913</b>	<b>2,194,043</b>	<b>12,220,936</b>	<b>15,907,402</b>	<b>473</b>	<b>15,907,875</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2022	2021
<b>Cash flows from operating activities:</b>			
Net cash generated from operating activities		<u>810,961</u>	<u>1,478,779</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	10	(636,345)	(456,389)
Net gain on disposal of shares of a subsidiary		–	14,225
Net proceeds/(Purchase of) from disposal of financial instruments		439,839	(315,684)
Interests received		<u>73,508</u>	<u>129,697</u>
Net cash used in investing activities		<u>(122,998)</u>	<u>(628,151)</u>
<b>Cash flows from financing activities:</b>			
Net changes in bank borrowings		64,760	38,653
Dividends paid to the Company's shareholders		<u>(1,233,292)</u>	<u>(1,871,243)</u>
Net cash used in financing activities		<u>(1,168,532)</u>	<u>(1,832,590)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(480,569)</b>	<b>(981,962)</b>
Cash and cash equivalents at beginning of period		<u>3,592,622</u>	<u>3,746,430</u>
<b>Cash and cash equivalents at end of period</b>		<b><u>3,112,053</u></b>	<b><u>2,764,468</u></b>



## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*For the six months ended 30 June 2022*

### **1. GENERAL INFORMATION**

Haitian International Holdings Limited (the “Company”) was incorporated on 13 July 2006, as an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961, as combined and revised) of the Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 22 December 2006 and its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and distribution of plastic injection moulding machines.

This unaudited condensed consolidated interim financial information was approved for issue by the Board on 15 August 2022.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) except for the adoption of new and amended standards as disclosed in Note 3.

### 3. ACCOUNTING POLICIES

#### (a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

		<b>Effective for annual periods beginning on or after</b>
HKAS 16 (Amendments)	Property, Plant and Equipment Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022

#### (b) New standards and interpretations not yet adopted

New standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

#### 4. REVENUE AND SEGMENT INFORMATION

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Sales of plastic injection moulding machines and related products	<b><u>6,509,609</u></b>	<u>8,225,795</u>

The Group is mainly engaged in the manufacturing and the sale of plastic injection moulding machines. The internal reporting for the chief operating decision-maker is provided on a whole-entity basis. Accordingly, the Group has one reportable segment only and no further segment information is provided.

The Group is domiciled in Mainland China. The result of its sales from external customers in different countries is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Mainland China	<b>4,213,255</b>	5,720,252
Hong Kong and overseas countries	<b><u>2,296,354</u></b>	<u>2,505,543</u>
	<b><u>6,509,609</u></b>	<u>8,225,795</u>

The total of non-current assets other than term deposits, deferred income tax assets, other financial assets at amortised cost, financial assets at FVOCI, financial assets at FVPL and trade and bills receivable located in different countries is as follows:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Mainland China	<b>5,087,885</b>	4,978,459
Hong Kong and overseas countries	<b><u>1,047,252</u></b>	<u>745,718</u>

## 5. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Depreciation and amortisation	190,133	149,879
(Reversal of)/Provision for impairment of trade receivables	(1,555)	415
(Reversal of)/Provision for write-down of inventories	(8,519)	7,437
Raw materials and consumables used	3,873,142	4,215,864
Net foreign exchange (gains)/losses	(327)	42,320
Gains on disposal of property, plant and equipment	(442)	(440)
Fair value gains on financial assets at fair value through profit or loss	(89,499)	(94,119)
	<u>          </u>	<u>          </u>

## 6. FINANCE INCOME – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance cost:		
Interest expenses on bank loans	(25,121)	(22,576)
Lease liabilities	(13)	(51)
Net foreign exchange losses	(5,127)	–
	<u>          </u>	<u>          </u>
	(30,261)	(22,627)
	<u>          </u>	<u>          </u>
Finance income:		
Interest income on restricted bank deposits, term deposits, cash and cash equivalents and entrusted loans	101,818	94,598
Net foreign exchange gains	–	2,398
	<u>          </u>	<u>          </u>
	101,818	96,996
	<u>          </u>	<u>          </u>
Finance income – net	<u>71,557</u>	<u>74,369</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– Mainland China enterprise income tax	<b>182,486</b>	300,191
– Overseas income tax	<b>37,022</b>	27,250
Deferred taxation	<b>47,388</b>	48,439
	<b>266,896</b>	<b>375,880</b>

## 8. DIVIDENDS

At a Board meeting held on 15 August 2022, the Board has resolved not to declare an interim dividend for the Reporting Period, but may consider a distribution after review of the annual results by the Board.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to the shareholders of the Company of approximately RMB1,172,258,000 (2021: RMB1,583,757,000) and on the weighted average number of 1,596,000,000 (2021: 1,596,000,000) ordinary shares in issue during the period. Diluted earnings per share is not presented as there were no dilutive ordinary shares.

## 10. CAPITAL EXPENDITURE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Land use rights	<b>20,665</b>	–
Property, plant and equipment	<b>615,680</b>	456,389

## 11. TRADE AND BILLS RECEIVABLE

A majority of trade and bills receivable are associated with customers having an appropriate credit history. Most of the Group's sales are covered by guarantees from distributors, credit arrangements from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 36 months. The ageing analysis of trade and bills receivable based on invoice date is as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Up to 6 months	2,660,822	3,522,779
6 months to 1 year	58,362	–
1 year to 2 years	237,387	143,641
2 years to 3 years	41,385	43,013
Over 3 years	32,869	33,155
	<u>3,030,825</u>	<u>3,742,588</u>
Less: provision for impairment	(99,948)	(102,011)
	<u>2,930,877</u>	<u>3,640,577</u>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2022, the Group held financial assets at fair value through profit or loss amounting to approximately RMB5,621,860,000 (31 December 2021: RMB6,153,364,000). These financial assets represented various wealth management products held by the Group such as structure deposits and wealth management products from banks, trusts and funds products, etc., which were conducive to improving the capital usage efficiency and generating investment returns from the Group's idle funds. The expected return rates ranged from 2.5% to 7.6% (2021: 1.1% to 6.0%) per annum with maturity dates between 0 day and 1,094 days (2021: between 0 day and 1,096 days). None of these assets is past due or impaired (2021: none).

## 13. SHARE CAPITAL

	Authorised share capital		
	Number of ordinary shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2022	5,000,000	500,000	502,350

  

	Issued and fully paid		
	Number of ordinary shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2022	1,596,000	159,600	160,510

#### 14. TRADE AND BILLS PAYABLE

The ageing analysis of trade and bills payable based on invoice date is as follows:

	<b>As at 30 June 2022 RMB'000</b>	<b>As at 31 December 2021 RMB'000</b>
Up to 6 months	4,041,176	4,210,477
6 months to 1 year	11,002	–
1 year to 2 years	5,298	2,674
Over 2 years	2,993	9,138
	<b><u>4,060,469</u></b>	<b><u>4,222,289</u></b>

#### 15. CAPITAL COMMITMENTS

	<b>As at 30 June 2022 RMB'000</b>	<b>As at 31 December 2021 RMB'000</b>
Acquisition of property, plant and equipment contracted but not provided for:	<b><u>785,629</u></b>	<b><u>819,344</u></b>

## **BUSINESS REVIEW**

In the first half of 2022, the economic growth of major economies such as Europe, the United States and Japan has slowed down amid a complex situation of intensified geopolitical conflicts, rising global inflation and Fed rate hikes. In particular, Europe's economy has been significantly hit by the surging energy price driven by the Russia-Ukraine conflict. Affected by multiple domestic and foreign pressures and recurring COVID-19 pandemic, China has experienced a demand-side slump and deteriorating market expectations. Its economy deviated from its normal growth trajectory in the first half of 2022, leading to a short-term economic downturn.

Under the complicated foreign situation and the negative impact of domestic outbreaks of COVID-19 pandemic on the Company's business, the sales of the Company amounted to RMB6,509.6 million for the six months ended 30 June 2022, representing a decrease of 20.9% compared to the same period in 2021. As the raw material prices remained high and the utilisation of new production capacity was low during the Reporting Period, the gross profit margin decreased by 1.6 percentage points to 30.7%.

The net profit attributable to shareholders of the Company for the six months ended 30 June 2022 amounted to RMB1,172.3 million (1H2021: RMB1,583.8 million), representing a decrease of 26.0% compared to the same period last year. Meanwhile, the net profit margin for the Reporting Period was 18.0%, representing a decrease of 1.2 percentage points compared to the same period in 2021.

The Board has resolved not to distribute the interim dividend for the time being, but may consider a distribution after the annual results are agreed by the Board.



## Domestic and export sales

The following table summarises the Group's domestic and overseas sales by geographic areas:

<i>(RMB million)</i>	<b>1H2022</b>	<b>%</b>	1H2021	<b>%</b>	Percentage change of 1H2022 compare to 1H2021
Domestic Sales	<b>4,213.3</b>	<b>64.7%</b>	5,720.3	69.5%	-26.3%
Overseas Sales	<b>2,296.3</b>	<b>35.3%</b>	2,505.5	30.5%	-8.3%
Total	<b>6,509.6</b>	<b>100%</b>	8,225.8	100%	-20.9%

During the first half of 2022, many regions in China were subject to pandemic control policies. In particular, the outbreak of COVID-19 pandemic in East China had a material impact on the Company. The Company recorded total domestic sales of RMB4,213.3 million, representing a decrease of 26.3% as compared with the same period last year. In terms of overseas market, the sales in North America experienced a significant increase in the first half of 2022, but the sales in Europe, Southeast Asia and South America declined due to geopolitical conflicts and rising global inflation. As a result, the Company recorded total overseas sales of RMB2,296.3 million, representing a decrease of 8.3% as compared with the same period last year.

## Sales mix of PIMMs by product series

<i>(RMB million)</i>	<b>1H2022</b>	<b>%</b>	1H2021	<b>%</b>	Percentage change of 1H2022 compare to 1H2021
Mars series (energy-saving features PIMMs)	<b>4,005.8</b>	<b>61.5%</b>	5,787.6	70.4%	-30.8%
Zhafir electrical series	<b>1,032.5</b>	<b>15.9%</b>	1,054.3	12.8%	-2.1%
Jupiter series (two-platen PIMMs)	<b>1,156.6</b>	<b>17.8%</b>	891.1	10.8%	29.8%
Other PIMMs series	<b>77.0</b>	<b>1.1%</b>	256.5	3.1%	-70.0%
Parts & Service	<b>237.7</b>	<b>3.7%</b>	236.2	2.9%	0.6%
Total	<b>6,509.6</b>	<b>100%</b>	8,225.8	100%	-20.9%

In the first half of 2022, the sales of Mars series reached RMB4,005.8 million, representing a decrease of 30.8% as compared with the same period last year due to global inflation and recurring COVID-19 pandemic, as well as the impact of slowing demand in the real estate market on home appliances, daily necessities, building materials and packaging. As the global automotive industry (particularly the new energy vehicle market) continued to rebound, the sales of Jupiter two-platen series increased by 29.8% to RMB1,156.6 million as compared with the same period last year. Due to the combined impact of automotive and other industries, the sales of Zhafir electrical series of the Company decreased by 2.1% to RMB1,032.5 million as compared with the same period last year.

## **Prospect**

In the second half of 2022, in anticipation of sustained trade protectionism and geopolitical risks, global inflationary pressures are expected to spread, stagflation risks in major developed countries such as Europe, the United States and Japan are expected to intensify, and may ripple through emerging market countries, resulting in a slowdown in global economic growth. In China, as the COVID-19 pandemic has begun to be under relatively effective control, a series of growth stabilisation policies formulated this year could gradually become effective, and the improvement of domestic demand will become the key to stabilising the economy. However, affected by overseas economic stagflation, the weakening of external demand will cause an impact on the export of domestic downstream industries and affect the momentum of domestic economic growth, bringing uncertainty to China's economy in the second half of 2022.

The Company will continue to accelerate technological innovation and the promotion of customised models by applying the IPD management model to maintain product leadership and ultimately enhance the competitiveness of products. Based on the current market supply and demand, the Company has begun to promote the newly developed models to the market in a targeted manner at the end of the second quarter. The Company will continue to enhance its control on raw material costs and manufacturing costs and continue to facilitate factory automation and intelligent production. Furthermore, we will also continue to provide one-stop solutions for customers to improve customer satisfaction and loyalty and strengthen our market position.

The Company will expedite domestic and overseas development and comprehensively build a global “6+2” layout, including 6 overseas regional centers and 2 domestic centers in Ningbo and Shunde. Domestically, the No. 1 plant of South China Headquarters was officially put into operation in July 2022. In terms of our overseas development, the Mexican factory has been officially commenced its operation, further expanding into the North America market. Furthermore, we purchased land in Serbia as a manufacturing base in East Europe in the second quarter of 2022 to further serve and expand the Europe and Middle-East markets. We also look to expand our layout in Southeast Asia in the future. We will continue to penetrate into foreign markets, realise the localisation in production of our products in overseas regions, and further improve overseas marketing, application and service networks to form a multi-industry and multi-form foreign competition layout and constantly enhance the Company’s global market share.

On the premise of the strategic concept of “technology to the point”, we satisfy customised needs and demand from each niche market while standardising the production of our components. We strive to maintain our leading position in every aspect. As always, the Company will continue to create value for our customers with better quality and more convenient services, and will grow and develop together with our customers, employees, partners and investors.

## **FINANCIAL REVIEW**

### **Revenue**

Under the complicated foreign situation and the negative impact of domestic outbreaks of COVID-19 pandemic on the Company’s business, the revenue of the Company amounted to RMB6,509.6 million for the six months ended 30 June 2022, representing a decrease of 20.9% compared to the same period in 2021. During the Reporting Period, our domestic and overseas sales reached RMB4,213.3 million and RMB2,296.3 million respectively.

### **Gross profit**

In the first half of 2022, we recorded gross profit of approximately RMB2,000.2 million, representing a decrease of 24.8% compared to the first half of 2021. Overall gross profit margin decreased to 30.7% in the first half of 2022 (1H2021: 32.3%) as a result of the fact that raw material prices remained high, and the utilisation of new production capacity was low during the Reporting Period.

### **Selling and administrative expenses**

The selling and administrative expenses decreased by 11.3% from RMB1,041.4 million in the first half of 2021 to RMB924.0 million in the first half of 2022. The decrease was mainly due to the decrease in sales commission, labour cost, and other administrative expenses.

### **Other income**

Other income mainly consisting of government subsidy, which increased by 42.0% from RMB126.2 million in the first half of 2021 to RMB179.2 million in the first half of 2022.

## **Finance income – net**

We recorded a net finance income of RMB71.6 million in the first half of 2022 compared to a net finance income of RMB74.4 million for the first half of 2021. The changes were mainly attributable to the following factors: (i) interest income of RMB101.8 million from restricted bank deposits, term deposits, cash and cash equivalents etc. in the first half of 2022 compared to RMB94.6 million in the first half of 2021; (ii) a total of RMB25.1 million in interest expense on bank loans and lease liabilities in the first half of 2022 compared to RMB22.6 million in the same period in 2021; and (iii) net foreign exchange losses of RMB5.1 million in the first half of 2022 compared to net foreign exchange gains of RMB2.4 million in the same period in 2021.

## **Income tax expense**

Income tax expense decreased by 29.0% from RMB375.9 million in the first half of 2021 to RMB266.9 million in the first half of 2022. Our effective tax rate maintained at a similar level of 18.6% in the first half of 2022 (1H2021: 19.2%).

## **Net profit attributable to shareholders**

As a result, our net profit attributable to shareholders for the six months ended 30 June 2022 decreased to RMB1,172.3 million, representing a decrease of 26.0% compared to the first half of 2021.

## **Liquidity, financial resources, borrowing and gearing**

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 30 June 2022, the Group's total cash and cash equivalents, term deposits and restricted cash amounted to RMB3,112.1 million, RMB3,039.8 million and RMB59.1 million respectively (31 December 2021: RMB3,592.6 million, RMB3,012.5 million and RMB87.9 million). The Group's bank borrowings amounted to RMB2,247.6 million as at 30 June 2022 (31 December 2021: RMB2,161.0 million).

The Group also placed certain surplus fund into wealth management products which were recorded as financial assets at fair value through profit or loss. The wealth management products with floating interests ranging from 2.5% to 7.6% (2021: 1.0% to 6.0%) per annum. As at 30 June 2022, the Group's financial assets at fair value through profit or loss amounted to RMB5,621.9 million (31 December 2021: RMB6,153.4 million).

The gearing ratio is defined by the management as total borrowings net of cash divided by shareholders' equity. As at 30 June 2022, the Group was in a strong financial position with a net cash position amounting to RMB3,963.4 million (31 December 2021: RMB4,532.0 million). Accordingly, no gearing ratio is presented.

## **Capital expenditure**

During the first half of 2022, the Group's capital expenditure consisted of land use rights, additions of property, plant and equipment amounted to RMB636.3 million (1H2021: RMB456.4 million).

## **Charges on group assets**

As at 30 June 2022, no assets were pledged for the Group (31 December 2021: no assets were pledged for the Group).

## **Foreign exchange risk management**

During the Reporting Period, the Group sold approximately 35.3% of its products to overseas markets. Such sales were denominated in US dollars or other foreign currencies, while the Group's purchases denominated in US dollars or other foreign currencies accounted for less than 10% of our total purchases.

## **Financial guarantee**

As at 30 June 2022, the Group provided guarantee to banks in connection with facilities granted to the customers with an aggregate amount of RMB518.4 million (31 December 2021: RMB579.5 million).

## **EMPLOYEES**

As at 30 June 2022, the Group had a total workforce of approximately 7,100 employees. Most of our employees were located in Mainland China. We offered our staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on the performance of individual and the Group. The Group is committed to nurturing a learning culture in our organisation.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE**

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphasises on maintaining a board of directors with a balance of skill sets, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the Directors, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2022.

## **PURCHASES, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period under review.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. The audit committee comprises three independent non-executive directors of the Company.

The audit committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 June 2022, including the accounting principles adopted by the Group, with the Company's management, and confirms that the applicable accounting principles, standards and requirements have been complied with.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all directors of the Company, who have confirmed that they had complied with the required standard set out in the Model Code for the Reporting Period.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at [www.hkex.com.hk](http://www.hkex.com.hk) and on the Company's website at [www.haitian.com](http://www.haitian.com). The interim report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

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

Hong Kong, 15 August 2022

*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, Ms. Yu Junxian and Mr. Lo Chi Chiu.*