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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### HIGHLIGHTS

	<b>2023</b>	2022	Change
	<i>RMB' million</i>	<i>RMB' million</i>	%
Revenue	<b>13,069.3</b>	12,308.2	6.2
Gross profit	<b>4,200.3</b>	3,917.5	7.2
Operating profit	<b>2,788.1</b>	2,632.4	5.9
Profit attributable to shareholders of the Company	<b>2,491.5</b>	2,264.7	10.0
Basic earnings per share (expressed in RMB per share)	<b>1.56</b>	1.42	10.0
Dividend per share (expressed in HKD per share)			
Full year dividends	<b>0.66</b>	0.55	20.0

- In 2023, against the backdrop of the weaker-than-expected recovery of domestic downstream demand and the structural change in the global industrial chain, the Company's continuous investment and deployment in domestic and overseas over the years yielded key effects in achieving growth against the odds, resulting in a continued climb in global market share. The revenue of the Company amounted to RMB13,069.3 million for the year ended 31 December 2023, representing an increase of 6.2% compared to 2022.
- Benefitting from the lower raw material prices in 2023, the gross profit margin increase as compared to 2022 and reached 32.1% for the full year (2022: 31.8%).
- Profit attributable to shareholders of the Company amounted to RMB2,491.5 million for the year ended 31 December 2023 (2022: RMB2,264.7 million), representing an increase of 10.0% compared to 2022.
- Earnings per share amounted to RMB1.56 for the year ended 31 December 2023, representing an increase of 10.0% compared to 2022.
- The Board declared a second interim dividend of HKD0.66 per share, resulting in total dividends for 2023 of HKD0.66 per share (2022: total dividends of HKD0.55 per share).

The board (the “Board”) of directors (the “Directors”) of Haitian International Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023 (the “Reported Period”) with comparative figures for the year ended 31 December 2022. The annual results have been reviewed by the Audit Committee of the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the Year Ended 31 December 2023*

*(Amounts expressed in RMB)*

	<i>Note</i>	<b>2023</b> <b>RMB’000</b>	2022 <i>RMB’000</i>
Revenue	4	<b>13,069,307</b>	12,308,186
Cost of sales		<b>(8,869,034)</b>	(8,390,657)
<b>Gross profit</b>		<b>4,200,273</b>	3,917,529
Selling and marketing expenses		<b>(1,127,044)</b>	(1,001,949)
General and administrative expenses		<b>(888,246)</b>	(796,821)
Other income		<b>402,472</b>	328,569
Other gains – net	5	<b>200,641</b>	185,030
<b>Operating profit</b>	6	<b>2,788,096</b>	2,632,358
Finance income		<b>308,165</b>	190,970
Finance costs		<b>(74,062)</b>	(60,315)
Finance income – net	7	<b>234,103</b>	130,655
Share of profit of associates		<b>14,472</b>	16,455
<b>Profit before income tax</b>		<b>3,036,671</b>	2,779,468
Income tax expense	8	<b>(542,026)</b>	(514,451)
<b>Profit for the year</b>		<b>2,494,645</b>	2,265,017
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>2,491,528</b>	2,264,668
Non-controlling interests		<b>3,117</b>	349
		<b>2,494,645</b>	2,265,017
<b>Earnings per share for profit attributable to shareholders of the Company during the year</b> (expressed in RMB per share)			
– basic and diluted	9	<b>1.56</b>	1.42
Dividends	10	<b>955,355</b>	768,277

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

(Amounts expressed in RMB)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit for the year</b>	<b>2,494,645</b>	2,265,017
<b>Other comprehensive income:</b> <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>82,347</u>	<u>45,414</u>
<b>Total comprehensive income for the year</b>	<b><u>2,576,992</u></b>	<b><u>2,310,431</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<u>2,573,875</u>	2,310,032
Non-controlling interests	<u>3,117</u>	<u>399</u>
	<b><u>2,576,992</u></b>	<b><u>2,310,431</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

(Amounts expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	6,061,869	5,461,755
Right-of-use assets	11	701,521	719,121
Investment in associates		549,235	534,988
Intangible assets		49,878	51,195
Trade and bills receivables	12	170,406	111,794
Other financial assets at amortised cost		194,318	317,922
Prepayments and other assets		75,186	112,114
Financial asset at fair value through profit or loss	13	886,500	990,806
Term deposits		1,731,302	590,000
Deferred income tax assets		210,091	208,408
Financial assets at fair value through other comprehensive income		–	500
		<u>10,630,306</u>	<u>9,098,603</u>
<b>Current assets</b>			
Inventories		3,539,012	3,150,558
Trade and bills receivables	12	3,432,511	3,175,473
Other financial assets at amortised cost		285,301	337,276
Prepayments and other assets		219,977	216,623
Prepaid income tax		8,372	11,449
Financial assets at fair value through profit or loss	13	3,242,687	3,664,622
Derivative financial instruments		13,512	–
Restricted bank deposits		68,557	35,242
Term deposits		2,207,974	2,510,509
Cash and cash equivalents		5,445,649	3,590,846
		<u>18,463,552</u>	<u>16,692,598</u>
<b>Total assets</b>		<u><b>29,093,858</b></u>	<u><b>25,791,201</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	14	160,510	160,510
Share premium		1,331,913	1,331,913
Other reserves		2,374,263	2,261,593
Retained earnings		14,949,403	13,257,101
		<u>18,816,089</u>	<u>17,011,117</u>
<b>Non-controlling interests</b>		<u>26,191</u>	<u>28,883</u>
<b>Total equity</b>		<u><b>18,842,280</b></u>	<u><b>17,040,000</b></u>

**CONSOLIDATED BALANCE SHEET (Continued)***As at 31 December 2023**(Amounts expressed in RMB)*

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	<b>2022</b> <b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>21</b>	1,139
Bank borrowings		<b>2,502,505</b>	112,389
Deferred income		<b>34,397</b>	41,132
Deferred income tax liabilities		<b>212,550</b>	361,748
		<b>2,749,473</b>	516,408
<b>Current liabilities</b>			
Lease liabilities		<b>1,144</b>	2,695
Trade and bills payables	15	<b>4,023,120</b>	3,573,553
Accruals and other payables		<b>1,759,036</b>	1,739,804
Contract liabilities		<b>1,158,200</b>	1,353,374
Current income tax liabilities		<b>315,671</b>	208,451
Bank borrowings		<b>244,934</b>	1,322,866
Derivative financial instruments		<b>–</b>	34,050
		<b>7,502,105</b>	8,234,793
<b>Total liabilities</b>		<b>10,251,578</b>	8,751,201
<b>Total equity and liabilities</b>		<b>29,093,858</b>	25,791,201

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2023

(Amounts expressed in RMB)

	Attributable to shareholders of the Company					Non-controlling interests	Total equity	
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000			Total RMB'000
<b>Balance at 1 January 2022</b>		160,510	1,331,913	1,779,452	12,662,502	15,934,377	633	15,935,010
<b>Comprehensive income</b>								
Profit for the year		-	-	-	2,264,668	2,264,668	349	2,265,017
<b>Other comprehensive income</b>								
Currency translation differences		-	-	45,364	-	45,364	50	45,414
<b>Total comprehensive income for the year ended 31 December 2022</b>		-	-	45,364	2,264,668	2,310,032	399	2,310,431
<b>Transactions with owners</b>								
Dividend paid								
– 2021 second interim	10	-	-	-	(1,233,292)	(1,233,292)	-	(1,233,292)
Appropriations		-	-	436,777	(436,777)	-	-	-
Capital injection from non-controlling interests		-	-	-	-	-	27,851	27,851
<b>Total transactions with owners</b>		-	-	436,777	(1,670,069)	(1,233,292)	27,851	(1,205,441)
<b>Balance at 31 December 2022</b>		<u>160,510</u>	<u>1,331,913</u>	<u>2,261,593</u>	<u>13,257,101</u>	<u>17,011,117</u>	<u>28,883</u>	<u>17,040,000</u>
<b>Balance at 1 January 2023</b>		<b>160,510</b>	<b>1,331,913</b>	<b>2,261,593</b>	<b>13,257,101</b>	<b>17,011,117</b>	<b>28,883</b>	<b>17,040,000</b>
<b>Comprehensive income</b>								
Profit for the year		-	-	-	2,491,528	2,491,528	3,117	2,494,645
<b>Other comprehensive income</b>								
Currency translation differences		-	-	82,347	-	82,347	-	82,347
<b>Total comprehensive income for the year ended 31 December 2023</b>		-	-	82,347	2,491,528	2,573,875	3,117	2,576,992
<b>Transactions with owners</b>								
Dividend paid								
– 2022 second interim	10	-	-	-	(768,277)	(768,277)	-	(768,277)
Appropriations		-	-	30,949	(30,949)	-	-	-
Dispose of a subsidiary		-	-	(626)	-	(626)	-	(626)
Capital withdraw from non-controlling interests		-	-	-	-	-	(5,809)	(5,809)
<b>Total transactions with owners</b>		-	-	30,323	(799,226)	(768,903)	(5,809)	(774,712)
<b>Balance at 31 December 2023</b>		<u>160,510</u>	<u>1,331,913</u>	<u>2,374,263</u>	<u>14,949,403</u>	<u>18,816,089</u>	<u>26,191</u>	<u>18,842,280</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2023

(Amounts expressed in RMB)

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Net cash generated from operating activities	<b>2,012,591</b>	1,780,608
Net cash (used in)/generated from investing activities	<b>(701,957)</b>	171,307
Net cash generated from/(used in) financing activities	<b>544,169</b>	<u>(1,953,691)</u>
Net increase/(decrease) in cash and cash equivalents	<b>1,854,803</b>	(1,776)
Cash and cash equivalents at beginning of year	<b>3,590,846</b>	<u>3,592,622</u>
Cash and cash equivalents at end of year	<b><u>5,445,649</u></b>	<u>3,590,846</u>



*Notes:*

**1. GENERAL INFORMATION**

Haitian International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and distribution of plastic injection moulding machines.

The Company was incorporated in Cayman Islands on 13 July 2006, as an exempted company with limited liability under the Companies Act of Cayman Islands. The Company’s registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Directors consider there is no ultimate holding company as at 31 December 2023. Mr. Zhang Jingzhang, a former director of the Company, and Mr. Zhang Jianming, the Chairman and executive director of the Company, are the ultimate controlling parties of the Company.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 December 2006.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. They have been approved for issue by the Company’s Board of Directors on 18 March 2024.

**2. BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments) at fair value through profit or loss (“Financial assets and liabilities at FVPL”) and
- financial assets at fair value through other comprehensive income (“Financial assets at FVOCI”).

### 3. CHANGES IN ACCOUNTING POLICIES

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

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	Applied when an entity applies Amendments to HKAS 1
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

#### 4. REVENUE AND SEGMENT INFORMATION

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Sales of plastic injection moulding machines and related products	<u>13,069,307</u>	<u>12,308,186</u>

The chief operating decision-maker has been identified as the executive committee, which comprises all executive directors and the senior management. The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources. Based on these internal reports, the executive committee has determined that no segment information is presented as substantially all of the Group's sales and operating profits are derived from the sales of plastic injection moulding machines, and no geographical segment information is presented as the management reviews the business performance based on type of business, not geographically.

The Group is domiciled in Mainland China. Analysis of its sales to external customers in different countries or regions based on the customers' locations is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Mainland China	7,916,831	7,916,193
Hong Kong and overseas countries	<u>5,152,476</u>	<u>4,391,993</u>
	<u>13,069,307</u>	<u>12,308,186</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Total non-current assets other than term deposits, trade and bills receivable, other financial assets at amortised cost, financial assets at FVPL and FVOCI and deferred income tax assets		
– Mainland China	5,558,867	5,426,375
– Hong Kong and overseas countries	<u>1,878,822</u>	<u>1,452,798</u>
	<u>7,437,689</u>	<u>6,879,173</u>

#### 5. OTHER GAINS – NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net fair value and disposal gains on financial assets at FVPL	173,248	188,730
Net fair value change on derivative financial instruments	13,512	(34,050)
Net foreign exchange gains	16,100	38,685
(Losses)/gains on disposals of property, plant and equipment, net	(16,981)	1,706
Gains on disposal of a subsidiary	10,441	–
Others	<u>4,321</u>	<u>(10,041)</u>
	<u>200,641</u>	<u>185,030</u>

## 6. OPERATING PROFIT

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation and amortisation	391,391	360,878
Raw materials and consumables used	7,945,572	7,541,067
Changes in inventories of finished goods and work in progress	(375,802)	(361,909)
Sales commission and after-sales service expenses	583,046	567,473
Provision for impairment of trade receivables	3,579	2,685
Provision for/(reversal of) write-down of inventories	4,338	(21,804)
Employment costs <sup>(i)</sup>	<u>1,458,094</u>	<u>1,360,013</u>

(i) For the year ended 31 December 2023, the employment costs related to research and development activities were RMB245,888 thousand (2022: RMB231,531 thousand).

## 7. FINANCE INCOME – NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Finance costs:		
Interest expense	(73,936)	(57,553)
Net foreign exchange losses	–	(2,438)
Interest and finance charges paid/payable for lease liabilities	<u>(126)</u>	<u>(324)</u>
	<u>(74,062)</u>	<u>(60,315)</u>
Finance income:		
Net foreign exchange gains	28,793	–
Interest income on restricted bank deposits, term deposits and cash and cash equivalents	273,152	183,184
Interest income on entrusted loans	<u>6,220</u>	<u>7,786</u>
	<u>308,165</u>	<u>190,970</u>
Finance income, net	<u>234,103</u>	<u>130,655</u>

## 8. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated statement of profit or loss represents:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax		
– Mainland China enterprise income tax and Hong Kong profit tax	584,614	629,100
– Overseas income tax	108,293	51,679
Deferred taxation	<u>(150,881)</u>	<u>(166,328)</u>
	<u>542,026</u>	<u>514,451</u>

Haitian Plastic Machinery Group Limited (“Haitian Plastic Machinery”) renewed its status as a High and New Technology Enterprise (“HNTE”) in 2023. Wuxi Haitian Machinery Co., Ltd. (“Wuxi Haitian”) renewed its status as HNTE in 2021. Ningbo Zhafir Plastic Machinery Co., Ltd. (“Ningbo Zhafir”) renewed its status as HNTE in 2022. Zhejiang Keqiang Intelligence Control System Co., Ltd. (“Zhejiang Keqiang”) renewed its status as HNTE in 2022. Ningbo Haitian Intelligent Manufacture Technology Co., Ltd. (“Haitian Software”) qualified as HNTE in 2021. These entities were entitled to a reduced income tax rate of 15% for three consecutive years commencing from the first year when these entities were granted the HNTE status. They are required to re-apply for preferential tax treatment after the current preferential tax periods expire.

The other major operating subsidiaries of the Group in Mainland China are subject to an enterprise income tax rate of 25% for the year ended 31 December 2023 (2022: 25%).

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the taxable income for the year ended 31 December 2023 (2022: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year 2023 at the applicable rates of taxation prevailing in the countries in which the Group operates.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit attributable to the shareholders of the Company of approximately RMB2,491,528 thousand (2022: RMB2,264,668 thousand) and on the weighted average number of 1,596,000 thousand (2022: 1,596,000 thousand) ordinary shares in issue during the year.

	<b>For the year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Profit attributable to shareholders of the Company	<u>2,491,528</u>	2,264,668
Weighted average number of ordinary shares in issue (thousands)	<u>1,596,000</u>	1,596,000
Basic EPS (RMB per share)	<u>1.56</u>	1.42

Diluted earnings per share is not presented as there were no dilutive ordinary shares.

## 10. DIVIDENDS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Interim dividend of nil (2022: nil) per ordinary share	–	–
Second interim dividend of HKD0.66 (2022: HKD0.55) per ordinary share	<u>955,355</u>	768,277
	<u>955,355</u>	768,277

On 18 March 2024, the Board of Directors of the Company has declared payment of a second interim dividend of HKD0.66 per share (2022: HKD0.55 per share) for the year ended 31 December 2023. Such dividend has been approved by the Board which has complied with the related regulations in Cayman Islands. The second interim dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

#### 11. CAPITAL EXPENDITURES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Property, plant and equipment	1,174,148	1,427,043
Land use rights	1,724	28,730
	<u>1,175,872</u>	<u>1,455,773</u>

#### 12. TRADE AND BILLS RECEIVABLES

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 receivables based on invoice date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Up to 1 year	3,294,039	3,052,421
1 year to 2 years	350,670	284,580
2 years to 3 years	45,900	24,586
Over 3 years	20,853	36,168
	<u>3,711,462</u>	<u>3,397,755</u>
Less: provision for impairment	(108,545)	(110,488)
	<u>3,602,917</u>	<u>3,287,267</u>

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

As at 31 December 2023, the Group held financial assets at fair value through profit or loss amounting to approximately RMB4,129,187 thousand (2022: RMB4,655,428 thousand). These financial assets represented various wealth management products held by the Group such as structure deposits and wealth management products from banks, trusts and investment funds, etc., which were conducive to improving the capital usage efficiency and generating investment returns from the Group's idle funds of which the expected return rates ranged from 2.50% to 7.80% (2022: 1.14% to 7.50%) per annum with remaining maturity days between 0 day and 1,305 days (2022: between 0 day and 974 days).

#### 14. SHARE CAPITAL

	Authorised share capital		
	Number of shares '000	Amount HKD'000	Amount RMB'000
As at 1 January 2022, 31 December 2022 and 31 December 2023 (shares with a par value of HKD0.1 per share)	5,000,000	500,000	502,350
Issued and fully paid			
	Number of shares '000	Amount HKD'000	Amount RMB'000
As at 1 January 2022, 31 December 2022 and 31 December 2023 (shares with a par value of HKD0.1 per share)	1,596,000	159,600	160,510

#### 15. TRADE AND BILLS PAYABLES

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

	2023 RMB'000	2022 RMB'000
Up to 1 year	4,019,543	3,562,532
1 year to 2 years	2,348	5,444
Over 2 years	1,229	5,577
	<u>4,023,120</u>	<u>3,573,553</u>

#### 16. CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Acquisition of property, plant and equipment – Contracted but not provided for	<u>1,066,225</u>	<u>453,510</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

In 2023, amid continuous geopolitical conflicts, complicated and ever-changing international landscape as well as high inflation in multiple countries, the global economy showed weakness in recovery. At the same time, new investment demands arose in some overseas regions under the influence of structural change in the global industrial chain. Looking back at the domestic economy, a series of issues including the slowdown in export growth, insufficient domestic consumer demand and the contraction of investment resulted in moderate pace of economy recovery in the first half of the year. However, driven by the policy of expanding domestic demand and promoting consumption, the demand of certain downstream industries has improved in the second half of the year.

Against the backdrop of the weaker-than-expected recovery of domestic downstream demand and the structural change in the global industrial chain, the Company's continuous investment and deployment in domestic and overseas over the years yielded key effects in achieving growth against the odds, resulting in a continued climb in global market share. For the year ended 31 December 2023, the sales revenue of the Company amounted to RMB13,069.3 million, representing an increase of 6.2% as compared to the corresponding period in 2022 (2022: RMB12,308.2 million). Benefitting from the lower raw material prices in 2023, the gross profit margin increased as compared to 2022 and reached 32.1% for the full year (2022: 31.8%).

The net profit attributable to shareholders of the Company for the year ended 31 December 2023 amounted to RMB2,491.5 million (2022: RMB2,264.7 million), representing an increase of 10.0% compared to the same period last year. Meanwhile, the net profit margin for the reporting period amounted to 19.1% (2022: 18.4%).

The Board has declared a second interim dividend of HKD0.66 per share for the year ended 31 December 2023, resulting in total dividends for 2023 of HKD0.66 per share (2022: total dividends of HKD0.55).

### Domestic and overseas sales

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

<i>(RMB million)</i>	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>2023 vs 2022</b>
Domestic sales	<b>7,916.8</b>	<b>60.6%</b>	7,916.2	64.3%	<b>0.0%</b>
Overseas sales	<b>5,152.5</b>	<b>39.4%</b>	4,392.0	35.7%	<b>17.3%</b>
Total	<b>13,069.3</b>	<b>100%</b>	12,308.2	100%	<b>6.2%</b>



In the first half of 2023, the domestic market was dragged down by the sluggish downstream consumer demand. Since the second half of the year, the Company has continuously promoted product iteration and innovation and deeply ploughed into market segments, and achieved a rebound in orders with the impact of the recovery in demand for household and daily necessities. As a result, the Company's domestic sales remained stable for the full year, amounting to RMB7,916.8 million. In terms of overseas markets, benefitting from the structural change in the global industrial chain, as well as the ongoing overseas deployment and investment of the Company for years, sales in certain countries and regions in Europe, North America and Southeast Asia increased significantly. As a result, the Company recorded overseas sales of RMB5,152.5 million, representing an increase of 17.3% year-on-year.

### Sales mix of PIMMs by product series

The Group's sales by product series are summarised in the following table:

<i>(RMB million)</i>	<b>2023</b>	<b>%</b>	2022	<b>%</b>	<b>2023 vs 2022</b>
PIMMs	<b>12,446.8</b>	<b>95.2%</b>	11,770.2	95.6%	<b>5.7%</b>
Parts & service	<b>622.5</b>	<b>4.8%</b>	538.0	4.4%	<b>15.7%</b>
Total	<b>13,069.3</b>	<b>100%</b>	12,308.2	100%	<b>6.2%</b>

In the first and second halves of 2023, the performance of the downstream industries and product series was divided. In the first half of the year, the Jupiter series benefitted from the outstanding performance of the global automobile industry chain, especially the new energy vehicle market. However, the Mars and electrical series were affected by the overall weakening of other industries. In the second half of the year, benefitting from the support from automobile industry chain, the gradual recovery of demand in the household and daily necessities sectors and the Company's continuous efforts in product iteration and innovation, all PIMM series have achieved varying growth period-on-period. In 2023, the annual sales of PIMMs increased by 5.7% year-on-year to RMB12,446.8 million, and the annual sales of parts and service increased by 15.7% year-on-year to RMB622.5 million.

## Prospect

In 2024, the global supply chain and normal economic and trade activities will continue to be affected by geopolitical risks, trade protectionism and high inflation and interest rates, whereas some emerging markets may face a shift from the economic growth model of investment and exports to that of consumption and services. Meanwhile, certain overseas regions may see new development opportunities brought by the structural change in the global industrial chain. Hence, uncertainties may continue to linger on the world economy with the presence of both opportunities and challenges. In the domestic market, we expect that the government will continue to expand domestic demand and supply-side reform, and accelerate China's ongoing economic restructuring with high-quality and high-level development approaches including strengthening scientific and technological innovation, optimising industrial structure, facilitating green economy and promoting external and open co-operation as its primary objectives. In addition, the regulations on promoting large-scale equipment renewal and trade-in of consumer goods also stimulate growth in demand for our downstream industries and prompt customers to expand equipment purchases. The recovery of domestic economy is expected to expedite with this series of steady-growth measures being introduced and implemented.

The Company defined 2024 as the "Year of Quality and Service". Since its establishment, the Company has always attached great importance to the quality of its products and services. In 2024, the Company will strengthen the quality control of key points, further standardize relevant procedures, as well as promptly and proactively deliver pre-sales and after-sales services to enhance customer satisfaction.

The Company will continue to lead the product innovation and iteration in the injection molding machine industry. Since August 2023, the Company has officially launched a full series of its fifth-generation PIMMs to domestic and overseas markets gradually, which have been well received by customers for their high efficiency, energy saving, intelligence and integration features. Among which, the fifth-generation Mars and Jupiter series are proved to achieve energy saving of 20-40%, and achieve significant savings in cooling water. Hence, we recorded a surge in the number of orders. During the year, we will continue to optimise the fifth-generation PIMMs and continue to iterate and innovate for different sub-series to better meet the needs of customers from various levels and industries. In the future, we will continue to pioneer innovation in respect of energy-saving and environmental protection as well as intelligence in the industry.

In the face of a complex and dynamic market environment, the Company will continue to promote its organisational reform. In terms of the marketing system, we will optimise our channel policy to team up with partners in enhancing customer-centric sales and services. We will satisfy the multi-dimensional needs of customers with our diversified products, focus on KA customers in various industries and further increase market share in each key region. To give full play to its supply chain advantages, reduce costs and increase efficiency, the Company will also continue to integrate and optimise the supply chain, implement supplier digitalisation and modularisation changes.

In 2023, the Company actively promoted its “Five Five” strategy and its overseas sales contributed to 39.4% of total sales revenue. In 2024, the Company will remain steadfast in implementing its overseas strategy and accelerating its expansion and development in the overseas markets as well as driving continuous growth in percentage of its sales abroad. In the meantime, the Company’s construction of new domestic and overseas factories is on track. The construction of its South China Headquarters was substantially completed and some of its factories commenced trial operation. Its overseas new factories, such as the factory in Chennai, India, will be completed and put into operation this year, whereas the Phase I factory in Serbia, is expected to be put into operation in 2025. Meanwhile, the Company will continue to build its management team with the young generation as the core, which features with a combination of senior, middle-aged and young employees, so as to stimulate organisational vitality. It would also motivate and encourage young people towards overseas development and utilise the Company’s first-mover advantage in expanding in the overseas markets.

In January 2024, MSCI, an international authoritative index organisation, announced the results of the latest annual ESG rating. The Company’s rating has been upgraded from BB to BBB thanks to its continuous optimisation of its ESG system and practice, showing a leap in rating for two consecutive years. Furthermore, the Company was recognised as the Ningbo City-level Green Factory (寧波市級綠色工廠) and MIIT Product Green Design Demonstration Enterprise (工信部綠色產品設計示範企業) in 2023. The Company’s steady improvement in the MSCI ESG rating and various awards and recognition demonstrate the Company’s commitment to sustainable development in the manufacturing sector and its active promotion of green manufacturing system across the industrial chain to lead the sustainable development of the plastic injection moulding machine industry.

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 its customers with better quality and more convenient services, and will grow and develop together with its customers, employees, partners and investors.

## **Financial Review**

### *Revenue*

In 2023, against the backdrop of the weaker-than-expected recovery of domestic downstream demand and the structural change in the global industrial chain, the Company’s continuous investment and deployment in domestic and overseas over the years yielded key effects in achieving growth against the odds, resulting in a continued climb in global market share. The sales revenue of the Company amounted to RMB13,069.3 million for the year ended 31 December 2023, representing an increase of 6.2% compared to 2022. The domestic sales remained flat at RMB7,916.8 million compared to 2022, while the overseas sales increased by 17.3% to RMB5,152.5 million as compared to 2022.

### *Gross Profit*

In 2023, the Company had a gross profit of approximately RMB4,200.3 million, representing an increase of 7.2% compared to 2022. Benefitting from lower raw material prices in 2023, the gross profit margin increased as compared to 2022 and reached 32.1% for the full year (2022: 31.8%).

### *Selling and Administrative Expenses*

The selling and administrative expenses increased by 12.0% from RMB1,798.8 million in 2022 to RMB2,015.3 million in 2023. The increase in expenses was mainly due to the increase of sales commissions, labour costs, R&D expense, and other sales and administrative expenses. The labour costs related to research and development activities were RMB245.9 million (2022: RMB231.5 million) in 2023.

### *Other Income*

Other income mainly consists of government subsidy and increased by 22.5% from RMB328.6 million in 2022 to RMB402.5 million in 2023.

### *Finance Income – Net*

The Company recorded a net finance income of RMB234.1 million in 2023, representing an increase as compared to a net finance income of RMB130.7 million in 2022. The increase was mainly attributable to the fact that i) the interest income of RMB273.2 million from restricted bank deposits, term deposits and cash and cash equivalents in 2023 compared to RMB183.2 million in 2022; ii) interest expense of RMB73.9 million in 2023 as compared to RMB57.6 million in 2022; and iii) net foreign exchange gains of RMB28.8 million in 2023 compared to net foreign exchange losses of RMB2.4 million in 2022.

### *Income Tax Expenses*

Income tax expenses increased by 5.4% from RMB514.5 million in 2022 to RMB542.0 million in 2023. The Company's effective tax rate maintained at a similar level of 17.8% (2022: 18.5%) in 2023.

### *Net Profit Attributable to Shareholders*

As a result of the foregoing, our net profit attributable to shareholders of the Company in 2023 amounted to RMB2,491.5 million, representing an increase of 10.0% compared to 2022.

### *Liquidity, Financial Resources, Borrowings and Gearing*

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 31 December 2023, the Group's total cash and cash equivalents, term deposits and restricted bank deposits amounted to RMB5,445.6 million, RMB3,939.3 million and RMB68.6 million respectively (31 December 2022: RMB3,590.8 million, RMB3,100.5 million and RMB35.2 million respectively). The Group's bank borrowings amounted to RMB2,747.4 million as at 31 December 2023 (31 December 2022: RMB1,435.3 million).

The Group also placed certain surplus funds into wealth management products which were recorded as financial assets at fair value through profit or loss (“FVPL”). The wealth management products carry floating interests ranging from 2.50% to 7.80% (2022: 1.14% to 7.50%) per annum. As at 31 December 2023, the Group’s financial assets at FVPL amounted to RMB4,129.2 million (31 December 2022: RMB4,655.4 million).

The net gearing ratio is defined by the Company’s management as total borrowings net of cash divided by shareholders’ equity. As at 31 December 2023, the Group was in a strong financial position with a net cash position amounting to RMB6,706.0 million (31 December 2022: RMB5,291.2 million). Accordingly, no net gearing ratio is presented.

#### *Capital Expenditures*

In 2023, the Group’s capital expenditures consisted of additions of property, plant and equipment, freehold land, and land use rights, which amounted to RMB1,175.9 million (2022: RMB1,455.8 million).

#### *Charges on Group Assets*

As at 31 December 2023, term deposits amounting to RMB590,000 thousand and bills receivables amounting to RMB45,988 thousand are pledged as security for bills payables and borrowing of the Group.

#### *Foreign Exchange Risk Management*

As of 31 December 2023, the Group exported approximately 39.4% of its products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while the Group’s purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10.0% of the total purchases.

#### *Financial Guarantee*

As at 31 December 2023, the Group provided guarantees to banks in connection with facilities granted to the customers with an amount of RMB388.9 million (31 December 2022: RMB73.7 million). As at 31 December 2023, the Group reassessed the provisions based on the credit history of its customers and the current market condition. No significant provision is noticed.

### **EMPLOYEES**

As at 31 December 2023, the Group had a total workforce of 7,382 employees. Most of our employees were located in China. The Group offered its staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on individual and the Group’s performance. The Group is committed to nurturing a learning culture in its organisation.

### **EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2023**

The Board is not aware of any other important event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

## **PAYMENT OF DIVIDEND**

The Board had not declared an interim dividend for the six months ended 30 June 2023. The Board has now declared a second interim dividend of HKD0.66 per share for the year ended 31 December 2023 (2022: HKD0.55 per share), resulting in total dividends for 2023 of HKD0.66 per share (2022: total dividends of HKD0.55 per share). The second interim dividend is expected to be paid on 15 April 2024 to the shareholders whose names appear on the register of members of the Company on 5 April 2024.

The Board has decided to consider and if think fit to declare dividends once for every fiscal year in the future. Currently, the Company does not have any predetermined dividend payout ratio.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors of the Company, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors of the Company may consider relevant from time to time. The Board has discretion as to the declaration and payment of dividends and there can be no assurance or guarantee that dividends will be paid in any particular amount for any given period in the future.

## **ANNUAL GENERAL MEETING (“AGM”)**

The AGM of the Company will be held on 16 May 2024. Notice of the AGM will be issued and disseminated to shareholders in due course.

### **Closure of Register of Members**

#### *(a) Entitlement to the Second Interim Dividend*

The register of members of the Company will be closed on 5 April 2024 whereby no transfer of shares will be registered on that date. In order to qualify for the second interim dividend, all properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 3 April 2024.

#### *(b) Entitlement to Attend and Vote at the AGM*

The register of members of the Company to attend the AGM will be closed from 10 May 2024 to 16 May 2024 (both days inclusive). In order to be eligible to attend the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 9 May 2024, for registration.

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

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphasises on maintaining a Board with a balance of skill sets of directors, better transparency and effective accountability system in order to enhance shareholders' value. The Company complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the time being in force for the year ended 31 December 2023.

Details of the implementation of the Company's corporate governance practices will be set out in the corporate governance report in the annual report of the Company to be published in due course.

## **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 controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee has reviewed the Group's condensed consolidated financial information for the year ended 31 December 2023, including the accounting principles adopted by the Group, with the Company's management. The audit committee, together with the management and the external auditors, has reviewed regularly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group.

## **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 C3 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who confirmed that they had complied with the required standard set out in the Model Code during the Reported Period.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **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 Reported Period under review.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 annual 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 Jianming**  
*Chairman*

Hong Kong, China, 18 March 2024

*As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Jianming, Mr. Zhang Bin, Mr. Zhang Jianfeng, Mr. Chen Weiqun and Ms. Chen Lu; 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.*