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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 2024

HIGHLIGHTS

	Six months ended 30 June		Change %
	2024 <i>RMB' million</i>	2023 <i>RMB' million</i>	
Revenue	8,017.8	6,380.2	+25.7
Gross profit	2,591.6	2,042.5	+26.9
Operating profit	1,750.8	1,362.5	+28.5
Profit attributable to shareholders of the Company	1,520.6	1,231.3	+23.5
Basic earnings per share (expressed in RMB per share)	0.95	0.77	+23.5

- Benefiting from the restructuring of the global industrial chain and the acceleration of exports of some downstream industries featuring daily consumer products, the sales of the Company amounted to RMB8,017.8 million for the six months ended 30 June 2024, representing an increase of 25.7% compared to the same period in 2023.
- As the raw material prices were relatively low during the Reporting Period, the gross profit margin increased to 32.3% (1H2023: 32.0%).
- The net profit attributable to shareholders of the Company for the six months ended 30 June 2024 increased to RMB1,520.6 million, representing an increase of 23.5% compared to the same period in 2023.
- 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 2024 reached RMB1,205.4 million (1H2023: RMB1,280.4 million) with a net cash position (including wealth management products) amounting to RMB10,650.0 million (31 December 2023: RMB10,835.2 million).
- Basic earnings per share amounted to RMB0.95 during the Reporting Period, representing an increase of 23.5% 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 2024 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2023 (“1H2023”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2024	2023
Revenue	4	8,017,811	6,380,227
Cost of sales		(5,426,194)	(4,337,721)
Gross profit		2,591,617	2,042,506
Selling and marketing expenses		(645,948)	(546,235)
General and administrative expenses		(496,314)	(456,938)
Other income		228,680	183,887
Other gain – net		72,814	139,274
Operating profit	5	1,750,849	1,362,494
Finance income	6	136,207	161,597
Finance costs	6	(37,348)	(27,620)
Finance income – net	6	98,859	133,977
Share of profit of associates		5,292	10,902
Profit before income tax		1,855,000	1,507,373
Income tax expense	7	(333,343)	(274,476)
Profit for the period		1,521,657	1,232,897
Profit attributable to:			
Shareholders of the Company		1,520,630	1,231,279
Non-controlling interests		1,027	1,618
		1,521,657	1,232,897
Dividends	8	–	–
Earnings per share for profit attributable to shareholders of the Company during the period (expressed in RMB per share)			
– Basic and Diluted	9	0.95	0.77

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in RMB'000 unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2024	2023
Profit for the period		
Other comprehensive income for the period:	1,521,657	1,232,897
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(89,041)</u>	<u>94,302</u>
Total comprehensive income for the period	<u>1,432,616</u>	<u>1,327,199</u>
Total comprehensive income attributable to:		
Shareholders of the Company	1,431,589	1,325,581
Non-controlling interests	<u>1,027</u>	<u>1,618</u>

CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts expressed in RMB'000 unless otherwise stated)

		30 June 2024	31 December 2023
	<i>Note</i>	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		6,342,816	6,061,869
Right-of-use assets		702,549	701,521
Intangible assets		49,193	49,878
Deferred income tax assets		233,915	210,091
Other financial assets at amortised cost		175,482	194,318
Prepayments and other assets		79,788	75,186
Trade and bills receivable	<i>11</i>	170,400	170,406
Financial assets at fair value through profit or loss	<i>12</i>	1,025,281	886,500
Investment in an associate		563,319	549,235
Term deposits		1,935,173	1,731,302
		11,277,916	10,630,306
Current assets			
Inventories		3,952,756	3,539,012
Trade and bills receivable	<i>11</i>	4,296,930	3,432,511
Other financial assets at amortised cost		309,606	285,301
Prepayments and other assets		638,458	219,977
Prepaid income tax		29,660	8,372
Financial assets at fair value through profit or loss	<i>12</i>	5,257,668	3,242,687
Derivative financial instruments		17,622	13,512
Restricted bank deposits		46,360	68,557
Term deposits		2,122,402	2,207,974
Cash and cash equivalents		2,379,795	5,445,649
		19,051,257	18,463,552
Total assets		30,329,173	29,093,858
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	<i>13</i>	160,510	160,510
Share premium		1,331,913	1,331,913
Other reserves		2,285,222	2,374,263
Retained earnings		15,512,298	14,949,403
		19,298,943	18,816,089
Non-controlling interests		27,218	26,191
Total equity		19,317,161	18,842,280

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

		30 June 2024	31 December 2023
	<i>Note</i>	Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Deferred income		32,459	34,397
Deferred income tax liabilities		271,025	212,550
Bank borrowings		1,898,000	2,502,505
Lease liabilities		6,972	21
		<u>2,208,456</u>	<u>2,749,473</u>
Current liabilities			
Trade and bills payable	<i>14</i>	5,701,720	4,023,120
Accruals and other payables		1,583,602	1,759,036
Contract liabilities		1,019,430	1,158,200
Current income tax liabilities		278,407	315,671
Bank borrowings		218,694	244,934
Lease liabilities		1,703	1,144
		<u>8,803,556</u>	<u>7,502,105</u>
Total liabilities		<u>11,012,012</u>	<u>10,251,578</u>
Total equity and liabilities		<u>30,329,173</u>	<u>29,093,858</u>
Net current assets		<u>10,247,701</u>	<u>10,961,447</u>
Total assets less current liabilities		<u>21,525,617</u>	<u>21,591,753</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		
Balance at 1 January 2023	160,510	1,331,913	2,261,593	13,257,101	17,011,117	28,883	17,040,000
Comprehensive income							
Profit for the period	-	-	-	1,231,279	1,231,279	1,618	1,232,897
Other comprehensive income							
Currency translation differences	-	-	94,302	-	94,302	-	94,302
Total comprehensive income for the period ended 30 June 2023	-	-	94,302	1,231,279	1,325,581	1,618	1,327,199
Transactions with owners							
Transactions with non-controlling interests	-	-	-	-	-	(5,809)	(5,809)
Dividend paid – 2022 second interim	-	-	-	(768,277)	(768,277)	-	(768,277)
Appropriations	-	-	4,343	(4,343)	-	-	-
Total transactions with owners	-	-	4,343	(772,620)	(768,277)	(5,809)	(774,086)
Balance at 30 June 2023	<u>160,510</u>	<u>1,331,913</u>	<u>2,360,238</u>	<u>13,715,760</u>	<u>17,568,421</u>	<u>24,692</u>	<u>17,593,113</u>
Balance at 1 January 2024	160,510	1,331,913	2,374,263	14,949,403	18,816,089	26,191	18,842,280
Comprehensive income							
Profit for the period	-	-	-	1,520,630	1,520,630	1,027	1,521,657
Other comprehensive income							
Currency translation differences	-	-	(89,041)	-	(89,041)	-	(89,041)
Total comprehensive income for the period ended 30 June 2024	-	-	(89,041)	1,520,630	1,431,589	1,027	1,432,616
Transactions with owners							
Dividend paid – 2023 second interim	-	-	-	(957,735)	(957,735)	-	(957,735)
Total transactions with owners	-	-	-	(957,735)	(957,735)	-	(957,735)
Balance at 30 June 2024	<u>160,510</u>	<u>1,331,913</u>	<u>2,285,222</u>	<u>15,512,298</u>	<u>19,289,943</u>	<u>27,218</u>	<u>19,317,161</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts expressed in RMB'000 unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2024	2023
Cash flows from operating activities:			
Net cash generated from operating activities		<u>1,205,412</u>	<u>1,280,408</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(583,814)	(633,239)
Net acquisition cost for shares of subsidiaries		–	(46,670)
Net (purchase)/proceeds from disposal of financial instruments		(2,277,073)	459,535
Interests received		<u>178,101</u>	<u>237,823</u>
Net cash (used in)/generated from investing activities		<u>(2,682,786)</u>	<u>17,449</u>
Cash flows from financing activities:			
Net changes in bank borrowings		(630,745)	1,316,661
Dividends paid to the Company's shareholders		<u>(957,735)</u>	<u>(768,277)</u>
Net cash (used in)/generated from financing activities		<u>(1,588,480)</u>	<u>548,384</u>
Net (decrease)/increase in cash and cash equivalents		(3,065,854)	1,846,241
Cash and cash equivalents at beginning of period		<u>5,445,649</u>	<u>3,590,846</u>
Cash and cash equivalents at end of period		<u>2,379,795</u>	<u>5,437,087</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Directors consider there is no ultimate holding company as at 30 June 2024. Mr. Zhang Jingzhang, a former director of the Company, and Mr. Zhang Jianming are the ultimate controlling parties of the Company.

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

This unaudited condensed consolidated interim financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. They were approved for issue by the Company’s Board of Directors on 26 August 2024.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 was 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 2023, which had 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

Material accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(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 financial period commencing 1 January 2024:

		Effective for annual periods beginning on or after
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 a Sale and Leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

(b) *The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending on 31 December 2024 and have not been early adopted by the Group:*

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

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

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretation.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2024	2023
	RMB'000	<i>RMB'000</i>
Sales of plastic injection moulding machines and related products	8,017,811	6,380,227

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 results of its sales from external customers in different countries or regions are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	<i>RMB'000</i>
Mainland China	5,182,546	3,876,296
Hong Kong and overseas countries	2,835,265	2,503,931
	8,017,811	6,380,227

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

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	<i>RMB'000</i>
Mainland China	5,628,370	5,558,867
Hong Kong and overseas countries	2,109,295	1,878,822

5. OPERATING PROFIT

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

	Six months ended 30 June	
	2024	2023
	RMB'000	<i>RMB'000</i>
Depreciation and amortisation	215,522	208,556
Provision for impairment of trade receivables	24,496	29,473
(Reversal of)/Provision for write-down of inventories	(2,132)	43,139
Raw materials and consumables used	4,705,886	3,640,723
Net foreign exchange losses/(gains)	23,770	(41,120)
Gains on disposal of property, plant and equipment	(91)	(23)
Fair value gains on financial assets at fair value through profit or loss	(81,250)	(92,161)

6. FINANCE INCOME – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Finance cost:		
Interest expenses on bank loans	(35,428)	(27,539)
Interest and finance charges paid/payable for lease liabilities	(135)	(81)
Net foreign exchange losses	(1,785)	–
	<u>(37,348)</u>	<u>(27,620)</u>
Finance income:		
Interest income on restricted bank deposits, term deposits, cash and cash equivalents and entrusted loans	136,207	117,056
Net foreign exchange gains	–	44,541
	<u>136,207</u>	<u>161,597</u>
Finance income – net	<u>98,859</u>	<u>133,977</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– Mainland China enterprise income tax and Hong Kong profits tax	245,553	305,554
– Overseas income tax	60,429	64,739
Deferred taxation	27,361	(95,817)
	<u>333,343</u>	<u>274,476</u>

8. DIVIDENDS

At the Board meeting held on 26 August 2024, 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 RMB1,520,630,000 (2023: RMB1,231,279,000) and on the weighted average number of 1,596,000,000 (2023: 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	
	2024	2023
	RMB'000	RMB'000
Land use rights	–	244,320
Property, plant and equipment	583,814	388,919

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	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Up to 1 year	4,107,549	3,294,039
1 year to 2 years	371,776	350,670
2 years to 3 years	87,966	45,900
Over 3 years	30,122	20,853
	4,597,413	3,711,462
Less: provision for impairment	(130,083)	(108,545)
	4,467,330	3,602,917

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2024, the Group held financial assets at fair value through profit or loss amounting to approximately RMB6,282.9 million (31 December 2023: RMB4,129.2 million). These financial assets represented various wealth management products held by the Group such as structured 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 2.0% to 7.8% (2023: 2.5% to 7.8%) per annum with maturity dates between 0 day and 1,091 days (2023: between 0 day and 1,305 days).

13. SHARE CAPITAL

	Authorised share capital		
	Number of ordinary shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2024	<u>5,000,000</u>	<u>500,000</u>	<u>502,350</u>
	Issued and fully paid		
	Number of ordinary shares '000	HKD'000	RMB'000
As at 1 January and 30 June 2024	<u>1,596,000</u>	<u>159,600</u>	<u>160,510</u>

14. TRADE AND BILLS PAYABLE

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

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Up to 1 year	5,695,571	4,019,543
1 year to 2 years	3,797	2,348
Over 2 years	2,352	1,229
	<u>5,701,720</u>	<u>4,023,120</u>

15. CAPITAL COMMITMENTS

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Acquisition of property, plant and equipment contracted but not provided for:	<u>853,681</u>	<u>1,066,225</u>

BUSINESS REVIEW

In the first half of 2024, the global economy generally showed moderate recovery, but there was mixed performance between the developed countries and the emerging economies. Specifically, the manufacturing industry in the developed economies recovered with a slower pace as affected by high inflation, high interest rates and geopolitical conflicts, while the emerging markets showed an accelerated pace in recovery driven by the recovery of domestic and foreign investments and tourism, and a new round of inventory replenishment cycle in some countries. As for domestic economy, despite the slowdown in investment, weak domestic demand and insufficient effective demand, the Company still received strong incoming orders from clients in the first half of the year by reaping the harvest from its non-stop investments and market penetration efforts around the world for years and benefitting from the structural adjustment of the global industrial chain and the acceleration of exports of some downstream industries featuring daily consumer products.

Benefitting from the restructuring of the global industrial chain and the acceleration of exports of some downstream industries featuring daily consumer products, the sales revenue of the Company amounted to RMB8,017.8 million for the six months ended 30 June 2024 (1H2023: RMB6,380.2 million), representing an increase of 25.7% as compared to the corresponding period in 2023. As the raw material prices were low during the Reporting Period as compared to the same period last year, the gross profit margin increased by 0.3 percentage points to 32.3%.

The net profit attributable to shareholders of the Company for the six months ended 30 June 2024 amounted to RMB1,520.6 million (1H2023: RMB1,231.3 million), representing an increase of 23.5% as compared to the same period last year. Meanwhile, the net profit margin for the Reporting Period was 19.0% (1H2023: 19.3%).

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 overseas sales

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

<i>(RMB' million)</i>	1H2024	%	1H2023	%	Percentage change of 1H2024 compared to 1H2023
Domestic sales	5,182.5	64.6%	3,876.3	60.8%	33.7%
Overseas sales	2,835.3	35.4%	2,503.9	39.2%	13.2%
Total	8,017.8	100%	6,380.2	100%	25.7%

In the first half of 2024, as the domestic market benefitted from the rapid recovery of demand in the downstream industries of daily consumer products, and the Company continuously enhanced its market presence in niche markets and promoted its fifth generation models which are more energy-efficient and intelligent, the Company's domestic sales in the first half of the year increased by 33.7% year-on-year, amounting to RMB5,182.5 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 Southeast Asia, North America and South America increased significantly. As a result, the Company recorded overseas sales of RMB2,835.3 million, representing an increase of 13.2% 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>	1H2024	%	1H2023	%	Percentage change of 1H2024 compared to 1H2023
PIMMs	7,702.5	96.1%	6,105.7	95.7%	26.2%
Parts & service	315.3	3.9%	274.5	4.3%	14.9%
Total	8,017.8	100%	6,380.2	100%	25.7%

In the first half of 2024, with a general rapid recovery of orders, all machine models of the Company have recorded year-on-year growth at different paces, among which Mars and Zhafir series achieved significant growth, thanks to the rapid recovery of demand in daily consumer products, some home appliances and 3C products in the downstream industry. Benefitting from the investments in overseas production capacities in the global automobile industry chain, especially the new energy vehicle, the Jupiter series of the Company increased steadily year-on-year. In the first half of 2024, the Company's sale of PIMMs increased by 26.2% year-on-year to RMB7,702.5 million, the sales of parts and service increased by 14.9% year-on-year to RMB315.3 million.

Prospect

In the second half of 2024, there is expected to be a divergence in global inflation. However, the global supply chain and world trade will continue to be affected by trade protectionism, geopolitical risks and uncertainties in policies after the general elections in many countries, resulting in a slowdown in the process of globalisation, but it has also driven the acceleration of the reconstruction of some global industrial chains, from which certain overseas regions may see rapid development opportunities. In terms of China, ongoing driving of the high-quality development trend in high-end, intelligent and green manufacturing industry will push the acceleration of China's ongoing economic restructuring. At the same time, the recovery of domestic economy is expected to continue to expedite with the implementation of policies for expansion of domestic demand such as replacement of new equipment and trade-in of consumer goods, and the benefits from overseas demands such as inventory replenishment cycle brought to the domestic manufacturing industry.

The Company defined 2024 as the "Year of Quality and Service". In terms of production, we will further strengthen the quality control system and implement standardised processes. In terms of service, we will enhance customer satisfaction and loyalty by improving pre-sales consultation and after-sales services.

The Company will promote its organisational reform and continue to improve its marketing system and supply chain system. We will optimise our channel policy and take a customer-oriented approach to serve our customers and expand our markets with our partners in a multi-dimensional and more in-depth way. To give full play to its supply chain advantages, reduce costs and increase efficiency, the Company will also continue to improve its production and operation efficiency through digitalisation, intelligentisation and modularisation.

The Company will strengthen its efforts on research and development, increase its research and development personnel in proportion worldwide, and further deepen product innovation and iteration. Following the launch of its brand new fifth-generation model in August 2023, the Company has further released an updated version of the economical series this year to offer a better value for price under our principle of “Quality First”, and better meet customer demand in current market environment and provide strong support for the order book this year and upcoming years. In the future, the Company will continue to introduce a wider selection of products with more targeted and differentiated functions according to the demand of different market and industry segments, and accelerate the research and development of a new generation of products that are more energy-saving and intelligent, so as to continuously consolidate and expand its market shares.

The Company will continue to firmly implement the “Five Five” strategy, expand its presence in overseas markets, and promote the continuous growth of overseas sales. The Company’s construction of new domestic and overseas factories is currently on track. The Company will also build a global supply chain system to better facilitate the global production, sales and services. 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.

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

Benefitting from the restructuring of the global industrial chain and the acceleration of exports of some downstream industries featuring daily consumer products, the revenue of the Company amounted to RMB8,017.8 million for the six months ended 30 June 2024, representing an increase of 25.7% compared to the same period in 2023. During the Reporting Period, our domestic and overseas sales reached RMB5,182.5 million and RMB2,835.3 million respectively.

Gross profit

In the first half of 2024, we recorded gross profit of approximately RMB2,591.6 million, representing an increase of 26.9% compared to the first half of 2023. Overall gross profit margin increased to 32.3% in the first half of 2024 (1H2023: 32.0%) as the raw material prices were relatively low during the Reporting Period.

Selling and administrative expenses

The selling and administrative expenses increased by 13.9% from RMB1,003.2 million in the first half of 2023 to RMB1,142.3 million in the first half of 2024. The increase was mainly due to the increase of sales commissions, labour costs and R&D expenses.

Other income

Other income mainly consisting of government subsidy, which increased by 24.3% from RMB183.9 million in the first half of 2023 to RMB228.7 million in the first half of 2024.

Finance income – net

We recorded a net finance income of RMB98.9 million in the first half of 2024 compared to a net finance income of RMB134.0 million for the first half of 2023. The changes were mainly attributable to the following factors: (i) interest income of RMB136.2 million from restricted bank deposits, term deposits, cash and cash equivalents etc. in the first half of 2024 compared to RMB117.1 million in the same period in 2023; (ii) a total of RMB35.4 million in interest on bank loans and expenses on lease liabilities in the first half of 2024 compared to RMB27.6 million in the same period in 2023; and (iii) net foreign exchange losses of RMB1.8 million in the first half of 2024 compared to net foreign exchange gains of RMB44.5 million in the same period in 2023.

Income tax expense

Income tax expense increased by 21.4% from RMB274.5 million in the first half of 2023 to RMB333.3 million in the first half of 2024. Our effective tax rate maintained at a similar level of 18.0% in the first half of 2024 (1H2023: 18.2%).

Net profit attributable to shareholders

As a result, our net profit attributable to shareholders for the six months ended 30 June 2024 increased to RMB1,520.6 million, representing an increase of 23.5% compared to the first half of 2023.

Liquidity, financial resources, borrowing and gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 30 June 2024, the Group's total cash and cash equivalents, term deposits and restricted cash amounted to RMB 2,379.8 million, RMB4,057.6 million and RMB46.4 million respectively (31 December 2023: RMB5,445.6 million, RMB3,939.3 million and RMB68.6 million). The Group's bank borrowings amounted to RMB2,116.7 million as at 30 June 2024 (31 December 2023: RMB2,747.4 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 2.0% to 7.8% (2023: 2.5% to 7.8%) per annum. As at 30 June 2024, the Group's financial assets at fair value through profit or loss amounted to RMB6,282.9 million (31 December 2023: RMB4,129.2 million).

The gearing ratio is defined by the management as total borrowings net of cash divided by shareholders' equity. As at 30 June 2024, the Group was in a strong financial position with a net cash position amounting to RMB4,367.1 million (31 December 2023: RMB6,706.0 million). Accordingly, no gearing ratio is presented.

Capital expenditure

During the first half of 2024, the Group's capital expenditure consisted of land use rights, additions of property, plant and equipment, which amounted to RMB583.8 million (1H2023: RMB633.2 million).

Charges on group assets

As at 30 June 2024, term deposits amounting to RMB518.6 million and bills receivables amounting to RMB147.0 million are pledged as security for bills payables and borrowing of the Group (31 December 2023: term deposits amounting to RMB590.0 million and bills receivables amounting to RMB46.0 million are pledged as security for bills payables and borrowing of the Group).

Foreign exchange risk management

During the Reporting Period, the Group sold approximately 35.4% of its products to overseas 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% of our total purchases.

Financial guarantee

As at 30 June 2024, the Group provided guarantees to banks in connection with facilities granted to the customers with an aggregate amount of RMB484.3 million (31 December 2023: RMB388.9 million).

EMPLOYEES

As at 30 June 2024, the Group had a total workforce of approximately 7,500 employees. Most of our employees were located in Mainland China. The Group offered its 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 its organisation.

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 of directors with a balance of skill sets of directors, 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 Part 2 of the Corporate Governance Code in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2024.

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 (including the sale of treasury Shares) during the Reporting Period under review.

As at 30 June 2024, the Company did not hold any treasury Shares.

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 namely, Mr. Lou Baijun, Mr. Guo Yonghui and Ms. Yu Junxian.

The audit committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 June 2024, 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 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 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 published on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at www.hkex.com.hk and on the Company’s website at 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 Jianming
Executive Director

Hong Kong, 26 August 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.