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Haina Intelligent Equipment International Holdings Limited

海納智能裝備國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1645)

REVISION OF ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

SUPPLEMENTAL AGREEMENT

On 30 September 2021 (after trading hours), Jinjiang Haina entered into the 2021 Supplemental Agreement with Hengqin Machinery to revise the original annual cap amount for the year ending 31 December 2021 in relation to the Hengqin Purchase Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hengqin Machinery is wholly-owned by three relatives of Mr. Su, an executive Director and a controlling shareholder of the Company. Accordingly, Hengqin Machinery is a connected person of the Company and transactions of the Group with Hengqin Machinery constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the revised annual cap for the transactions contemplated under the Hengqin Purchase Agreement for the year ending 31 December 2021 is more than 0.1% but less than 5%, the relevant revised annual cap is subject to the reporting, announcement and annual review requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Hengqin Purchase Agreement entered into by Jinjiang Haina and Hengqin Machinery as set out in the section headed "Connected Transactions" in the Prospectus. Pursuant to the Hengqin Purchase Agreement, Jinjiang Haina procures machine parts from Hengqin Machinery. It was expected that the total purchase amounts under the Hengqin Purchase Agreement for each of the three years ending 31 December 2022 will not exceed RMB8.2 million, RMB8.7 million and RMB9.1 million, respectively.

PROPOSED 2021 SUPPLEMENTAL AGREEMENT

The Company expects the transaction amount of the continuing connected transactions under the Hengqin Purchase Agreement for the year ending 31 December 2021 to exceed the original annual cap. On 30 September 2021 (after trading hours), Jinjiang Haina entered into a supplemental agreement (the “**2021 Supplemental Agreement**”) with Hengqin Machinery to revise the original annual cap amount for the year ending 31 December 2021 in relation to the Hengqin Purchase Agreement.

Historical amounts

The total purchase amount of machine parts by the Group from Hengqin Machinery for the year ended 31 December 2020 and the eight months ended 31 August 2021 were approximately RMB7.4 million and RMB8.1 million, respectively. As at the date of this announcement, the actual purchase amount has not exceeded the original annual cap for the year ending 31 December 2021.

Annual caps and revision

With reference to the Prospectus, the Group’s total purchase amounts from Hengqin Machinery for each of the two years ending 31 December 2021 and 2022 would not exceed RMB8.7 million and RMB9.1 million, respectively. The Company expects that the total purchase amount under the Hengqin Purchase Agreement for the year ending 31 December 2021 will exceed the original annual cap. As such, the Company decided to revise the annual cap of the total purchase amount from Hengqin Machinery for the year ending 31 December 2021 to RMB15.0 million through the entering into of the 2021 Supplemental Agreement.

Basis of the revised annual cap

The revised annual cap in relation to the Hengqin Purchase Agreement for the year ending 31 December 2021 is determined with reference to, among other things, the following factors:

- (i) the historical transactions with and purchase amounts of machine parts from Hengqin Machinery;
- (ii) the expectation of the Group on the demand from Hengqin Machinery in light of the business needs of the Group; and
- (iii) the anticipated demand for machine parts by the Group exceeds the initial expectation of the Group.

Reasons for and benefits of the transactions contemplated under the Hengqin Purchase Agreement

Procurement of quality machine parts by the Group through a stable source from Hengqin Machinery at market price, on normal commercial terms and terms that are no less favourable to the Group than those offered by independent third parties, can ensure that the production of the Group is not interrupted and is in the interests of the Group as a whole.

OPINION OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Hengqin Purchase Agreement are entered into in the ordinary and usual course of business of the Group, and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole, and the revised annual cap for the year ending 31 December 2021 is fair and reasonable.

Mr. Su Chengya (“**Mr. Su**”), an executive Director and a controlling shareholder of the Company, had a material interest in the transactions contemplated under the Hengqin Purchase Agreement and has abstained from voting in respect of the Board resolutions in relation to the 2021 Supplemental Agreement.

INFORMATION ON THE PARTIES

The Group is principally engaged in the design and production of automated machines for manufacturing disposable hygiene products.

Hengqin Machinery is a limited company established in the PRC and principally engaged in the manufacturing of machinery accessories.

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DEFINITIONS

“Board”	the board of Directors
“Company”	Haina Intelligent Equipment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 1645)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengqin Machinery”	Jinjiang City Hengqin Machinery Industry and Trade Company Limited (晉江市恒勤機械工貿有限公司), a limited company established in the PRC
“Hengqin Purchase Agreement”	the framework agreement dated 9 May 2020 entered into between Jinjiang Haina and Hengqin Machinery in relation to the purchase of machine parts by from Hengqin Machinery
“Jinjiang Haina”	Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 20 May 2020 in relation to the initial public offering and listing of the Company’s shares on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Haina Intelligent Equipment International Holdings Limited
Hong Yiyuan
Chairman and Executive Director

Hong Kong, 30 September 2021

As at the date of this announcement, the Company has four executive Directors, namely Mr. Hong Yiyuan (Chairman), Mr. Zhang Zhixiong, Mr. Su Chengya and Mr. He Ziping, one non-executive Director, Mr. Chang Chi Hsung and three independent non-executive Directors, namely Mr. Chan Ming Kit, Dr. Wang Fengxiang and Mr. Ng Tat Fung.