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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS IN HANGZHOU CITY, ZHEJIANG PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 5 January 2022, Zhejiang Haina Tongchuang Intelligent Technology Company Limited* (浙江海納同創智能科技有限公司), an indirect wholly-owned subsidiary of the Company, received the signed confirmation notice from Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局) confirming that Haina Tongchuang had successfully won the bid for the land use rights of a parcel of land located in Qianjiang Economic Development Area, Hangzhou City, Zhejiang Province, the People's Republic of China through the listing for sale process in the Auction held by Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局). The Land has a total site area of approximately 27,594 square meters and permitted plot ratio of between 1.5 and 2.5. The Land is designated for industrial usage with term of use of 50 years.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 8 November 2021 (the “**Announcement**”) in relation to the Framework Agreement entered into between Haina Tongchuang and Municipal Qianjiang Economic Development Area Committee* (杭州錢江經濟開發區管理委員會) (the “**Committee**”). Capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement unless the context requires otherwise.

As disclosed in the Announcement, pursuant to the Framework Agreement, among others, (i) the Company agreed to (a) establish an indirectly wholly-owned new foreign-invested company; (b) invest not less than US\$100 million, equivalent to approximately RMB640 million, into the Foreign-invested Company; and (c) acquire the land use rights of a designated land for construction and operation of the

Factory, which will be principally engaged in the design and production of automated machines for manufacturing disposable hygiene products; and (ii) the Committee agreed to procure the listing and transfer process of the Land to Haina Tongchuang and to conduct land formation and infrastructure works to facilitate the development and construction of the Factory.

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that, on 5 January 2022, Haina Tongchuang, an indirect wholly-owned subsidiary of the Company, received the Confirmation from Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局) confirming that Haina Tongchuang had successfully won the bid for the land use rights of the Land at the Consideration of RMB21.83 million through the listing for sale process in the auction held by the Bureau.

The Transfer Agreement in respect of the transfer of the land use rights of the Land is expected to be entered into between Haina Tongchuang and the Bureau within 6 business days from the date of the Confirmation. The Supervision Agreement, which sets out the conditions and requirements on the Group for the use of the Land, is also expected to be entered into between Haina Tongchuang and the Committee within 3 business days from the date of the Confirmation.

PRINCIPAL TERMS OF THE TRANSFER AGREEMENT

Based on the listing information of the Land published on the website of the Bureau, the principal terms of the Transfer Agreement to be entered into, which sets out the terms of the Acquisition, are expected to be as follows:

Parties

Haina Tongchuang (*as the purchaser*)

Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局) (*as the Vendor*)

The Land

The Land is located at the west side of Fengyun Road, Qianjiang Economic Development Area, Hangzhou City, Zhejiang Province, the PRC, with a total site area of approximately 27,594 square metres and permitted plot ratio between 1.5 and 2.5. The Land is designated for industrial usage with term of use of 50 years.

Consideration

The Consideration for the Acquisition is approximately RMB21.83 million, being the price of the final winning bid at the online listing for sales process in the auction held by the Bureau.

A sum of RMB21.53 million for the Land has been paid by Haina Tongchuang as the security deposit for the Auction., and the remaining RMB0.3 million of the total Consideration shall be paid upon signing of the Transfer Agreement.

The Group expects that the Consideration will be funded by proceeds received from the placing of new shares under general mandate in June 2021.

PRINCIPAL TERMS OF THE SUPERVISION AGREEMENT

The Supervision Agreement will contain (i) several supervision conditions to supervise the construction of the Land, and (ii) certain operation and taxation requirements. The following sets forth the major conditions and requirements:

Major requirements

A. Construction on the Land

Haina Tongchuang shall commence the construction on the Land within six months from the date of the delivery of the Land and complete the construction within two years from the commencement date of the construction. The specific dates of the commencement and completion of the construction of the Land shall be determined between Haina Tongchuang and the Committee in the Supervision Agreement. If Haina Tongchuang fails to commence the construction or complete the construction of the Land as set out in the Supervision Agreement due to its own reason, it shall pay damages calculated at 1% of the Consideration for the Acquisition, for each overdue day.

B. Investment

The total investment amount in relation to the development of the Land for the purpose of manufacturing of disposable hygiene products shall be not less than RMB600 million, which amount shall include an investment amount in fixed assets of not less than RMB10 million per mou of the Land.

C. Production output

Haina Tongchuang shall achieve the targeted annual production output of RMB20 million per mou of the Land.

D. Taxation

Haina Tongchuang shall achieve the annual taxation of RMB1.0 million per mou of the Land for five years (the “**Taxation Supervision Period**”). If Haina Tongchuang fails to meet the taxation requirement after the Taxation Supervision Period, it shall pay the shortfall between the taxation requirement and the actual tax paid, to the Committee.

If Haina Tongchuang fails to achieve any of the construction, investment or production output requirement within two years after the completion of the construction, the Committee shall provide a rectification period of one year (the “**Rectification Period**”) for Haina Tongchuang to rectify. If Haina Tongchaung (i) still fails to meet the requirements after the Rectification Period; or (ii) fails to pay the shortfall between the taxation requirement and the actual tax paid after the Taxation Supervision Period, it shall pay a damage calculated at 20% of the Consideration for the Acquisition, and the Committee reserves the rights to terminate the Supervision Agreement and return the Land to the relevant government body.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group intends to move the Hangzhou production base to the Factory with automated production for disposable hygiene products. At such, the Group will benefit from the reduction of rental expenses. Also, the Acquisition can help expanding the Group’s production capacity in order to meet the surging demand of the Group’s products from its customers, better realise its expansion plan and centralise its operation management. The Directors are of the view that the Acquisition provides an opportunity for the Group to realise such plan and is beneficial to the long-term development of the Group.

The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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

The Bureau is a government institution responsible for, among others, the administration of the land resources in Yuhang District, Hangzhou City, the PRC.

The Committee is a Hangzhou City municipal governmental body of the PRC.

To the best of the Directors’ knowledge, information and belief by having made all reasonable enquiries, the Bureau and the Committee and their respective associates are third parties independent of the Company and its connected persons (as defined in the relevant Listing Rules) as at the date of this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in respect of the Acquisition under Rule 14.07 of the Listing Rules exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of land use rights of the Land through listing for sale bidding process at the Auction
“Auction”	the online auction held by the Bureau at which the Land was listed for sale
“Board”	the board of Directors
“Bureau”	Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局)
“Company”	Haina Intelligent Equipment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on Main Board (stock code: 1645)
“Confirmation”	the confirmation notice (成交確認書) entered into between Haina Tongchuang and Hangzhou City Planning and Natural Resources Bureau Yuhang District Municipality* (杭州市規劃和自然資源局余杭分局) confirming the Acquisition at the Auction
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	RMB21,830,000, being the price for the grant of the land use rights of the Land
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Haina Tongchuang”	Zhejiang Haina Tongchuang Intelligent Technology Company Limited* (浙江海納同創智能科技有限公司)

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Group, its connected persons and their respective associates and not acting in concert with any substantial shareholder (as defined under the Listing Rules) of the Company within the meaning of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Land”	the plot of land described under the section headed “The Land” in this announcement with a total site area of approximately 27,594 square meters which was offered for sale at the Auction
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange that is independent from and operates in parallel with the GEM of the Stock Exchange
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervision Agreement”	the Industrial Construction Project Performance Supervision Agreement* (產業建設項目履約監管協議書) to be entered into between Haina Tongchuang and the Committee in respect of the Land
“Transfer Agreement”	the transfer agreement to be entered into between Haina Tongchuang and the Bureau in relation to the transfer of the land use rights of the Land

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

By order of the Board of
Haina Intelligent Equipment International Holdings Limited
HONG Yiyuan
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 5 January 2022

As at the date of this announcement, the Board comprises Mr. Hong Yiyuan, Mr. Zhang Zhixiong, Mr. Su Chengya and Mr. He Ziping as executive Directors, Mr. Chang Chi Hsung as non-executive Director, and Mr. Chan Ming Kit, Dr. Wang Fengxiang and Mr. Ng Tat Fung as independent non-executive Directors.

* *For identification purpose only*