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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) THE EQUIPMENT PROCUREMENT AGREEMENTS AND (2) THE EQUIPMENT SUPPLY AGREEMENTS

THE EQUIPMENT PROCUREMENT AGREEMENTS

On 30 November 2023 (after trading hours):

- (1) Jinjiang Haina (being a wholly-owned subsidiary of the Company) and Guangdong Imiko entered into the Diaper Automatic Packaging Equipment Procurement Agreements pursuant to which Jinjiang Haina agreed to purchase diaper automatic packaging equipment from Guangdong Imiko; and
- (2) Jinjiang Haijia (being a non-wholly owned subsidiary of the Company) and Guangdong Imiko entered into the Components and Parts Procurement Agreements pursuant to which Jinjiang Haijia agreed to purchase components and parts of packaging equipment from Guangdong Imiko.

THE EQUIPMENT SUPPLY AGREEMENTS

On 30 November 2023 (after trading hours):

- (1) Jinjiang Haijia (being a non-wholly owned subsidiary of the Company) and Guangdong Imiko entered into the Soft Paper Drawing Single Packaging Equipment Supply Agreement pursuant to which Jinjiang Haijia agreed to supply soft paper drawing single packaging equipment to Guangdong Imiko;
- (2) Jinjiang Haituo (being a non-wholly owned subsidiary of the Company) and Guangdong Imiko entered into the Components and Parts Supply Agreements pursuant to which Jinjiang Haituo agreed to supply components and parts of equipment to Guangdong Imiko; and
- (3) Aopusi (being a non-wholly owned subsidiary of the Company) and Foshan Houdao entered into the Robotic Arm Supply Agreements pursuant to which Aopusi agreed to supply robotic arms to Foshan Houdao.

IMPLICATIONS UNDER THE LISTING RULES

Aopusi was established in the PRC on 19 September 2023 and as at the date of this announcement, it is indirectly owned as to 55% by the Company and directly owned as to 45% by Mr. Huang. Thus, Mr. Huang is the controlling shareholder of a subsidiary of the Company and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As Mr. Huang is the ultimate controlling shareholder of Guangdong Imiko and Foshan Houdao, Guangdong Imiko and Foshan Houdao are considered as associates of Mr. Huang and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the purpose of Rules 14A.53 and 14A.81 of the Listing Rules, on 29 November 2023, the Directors resolved to set an annual cap in respect of the annual aggregate transaction amounts under the Equipment Procurement Agreements and the Equipment Supply Agreements, respectively, for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025. The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual aggregate transaction amounts for either of the Equipment Procurement Agreements and the Equipment Supply Agreements are less than 5%.

Furthermore, by virtue of Rule 14A.101 of the Listing Rules, as (i) Guangdong Imiko and Foshan Houdao are connected persons of the Company at the subsidiary level; (ii) the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements and confirmed that the terms of the Equipment Procurement Agreements and the Equipment Supply Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EQUIPMENT PROCUREMENT AGREEMENTS

On 30 November 2023 (after trading hours), each of Jinjiang Haina and Jinjiang Haijia (being subsidiaries of the Company) entered into the procurement agreement(s) with Guangdong Imiko, the details of which are as follows:

(1) The Diaper Automatic Packaging Equipment Procurement Agreements

The principal terms and conditions of the Diaper Automatic Packaging Equipment Procurement Agreements are summarized as below:

Date	:	30 November 2023 (after trading hours)
Parties	:	(a) Jinjiang Haina (b) Guangdong Imiko
Term	:	From the date of the agreement to 31 December 2025
Subject Matter	:	Pursuant to the Diaper Automatic Packaging Equipment Procurement Agreements, Jinjiang Haina will purchase diaper automatic packaging equipment from Guangdong Imiko, subject to the pricing principles and annual cap of the procurement amount.
Pricing Principles	:	The procurement amount chargeable by Guangdong Imiko for the supply of diaper automatic packaging equipment shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, the prevailing market price, type and quantity of diaper automatic packaging equipment, specifications and delivery date, and such procurement amount shall be in line with the market price.

(2) The Components and Parts Procurement Agreements

The principal terms and conditions of the Components and Parts Procurement Agreements are summarized as below:

Date	:	30 November 2023 (after trading hours)
Parties	:	(a) Jinjiang Haijia (b) Guangdong Imiko

- Term** : From the date of the agreement to 31 December 2025
- Subject Matter** : Pursuant to the Components and Parts Procurement Agreements, Jinjiang Haijia will purchase components and parts of packaging equipment from Guangdong Imiko, subject to the pricing principles and annual cap of the procurement amount.
- Pricing Principles** : The procurement amount chargeable by Guangdong Imiko for the supply of components and parts of packaging equipment shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, the prevailing market price, type and quantity of components and parts of packaging equipment, specifications and delivery date, and such procurement amount shall be in line with the market price.

THE EQUIPMENT SUPPLY AGREEMENTS

On 30 November 2023 (after trading hours), each of Jinjiang Haijia, Jinjiang Haituo and Aopusi (being subsidiaries of the Company) entered into the supply agreement(s) with Guangdong Imiko or Foshan Houdao, the details are as follows:

(1) The Soft Paper Drawing Single Packaging Equipment Supply Agreement

The principal terms and conditions of the Soft Paper Drawing Single Packaging Equipment Supply Agreement are summarized as below:

- Date** : 30 November 2023 (after trading hours)
- Parties** : (a) Jinjiang Haijia
(b) Guangdong Imiko
- Term** : From the date of the agreement to 31 December 2025
- Subject Matter** : Pursuant to the Soft Paper Drawing Single Packaging Equipment Supply Agreement, Jinjiang Haijia will supply soft paper drawing single packaging equipment to Guangdong Imiko, subject to the pricing principles and annual cap of the sales amount.

Pricing Principles : The sales amount chargeable by Guangdong Imiko for the supply of soft paper drawing single packaging equipment shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, the prevailing market price, type and quantity of soft paper drawing single packaging equipment, specifications and delivery date, and such sales amount shall be in line with the market price.

(2) The Components and Parts Supply Agreements

The principal terms and conditions of the Components and Parts Supply Agreements are summarized as below:

Date : 30 November 2023 (after trading hours)

Parties : (a) Jinjiang Haituo
(b) Guangdong Imiko

Term : From the date of the agreement to 31 December 2025

Subject Matter : Pursuant to the Components and Parts Supply Agreements, Jinjiang Haituo will supply components and parts of equipment to Guangdong Imiko, subject to the pricing principles and annual cap of the sales amount.

Pricing Principles : The sales amount chargeable by Jinjiang Haituo for the supply of components and parts of equipment shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, the prevailing market price, type and quantity of components and parts of equipment, specifications and delivery date, and such sales amount shall be in line with the market price.

(3) The Robotic Arm Supply Agreements

The principal terms and conditions of the Robotic Arm Supply Agreements are summarized as below:

Date	:	30 November 2023 (after trading hours)
Parties	:	(a) Aopusi (b) Foshan Houdao
Term	:	From the date of the agreement to 31 December 2025
Subject Matter	:	Pursuant to the Robotic Arm Supply Agreements, Aopusi will supply robotic arms to Foshan Houdao, subject to the pricing principles and annual cap of the sales amount.
Pricing Principles	:	The sales amount chargeable by Aopusi for the supply of robotic arms shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, the prevailing market price, type and quantity of robotic arms, specifications and delivery date, and such sales amount shall be in line with the market price.

HISTORICAL TRANSACTION AMOUNTS

The table below sets forth the historical transaction amounts for the procurement of equipment and components and parts of equipment by the Group from Guangdong Imiko for the year ended 31 December 2022 and the eleven months ended 30 November 2023:

	For the year ended 31 December 2022 (audited) (RMB'000)	For the eleven months ended 30 November 2023 (unaudited) (RMB'000)
Actual amounts	1,804	4,790

The table below sets forth the historical transaction amounts for the supply of equipment and components and parts of equipment by the Group to Guangdong Imiko and/or Foshan Houdao for the eleven months ended 30 November 2023 (there are no transactions existed before 2023):

	For the eleven months ended 30 November 2023 (unaudited) (RMB'000)
Actual amounts	1,619

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed annual caps for the total procurement amount payable by the Group to Guangdong Imiko for the transactions contemplated under the Equipment Procurement Agreements for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025 (the “**Proposed Procurement Annual Caps**”) are as follows:

	For the period from 30 November 2023 to 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)
Annual cap	1,000	10,000	10,000

The Proposed Procurement Annual Caps have been determined after taking into account: (i) the estimated amount of equipment for future packaging needs to be requested by the Group for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025; and (ii) the historical transaction amount of packaging equipment purchased by the Group from Guangdong Imiko.

The proposed annual caps for the total sales amount payable by Guangdong Imiko and Foshan Houdao to the Group for the transactions contemplated under the Equipment Supply Agreements for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025 (the “**Proposed Supply Annual Caps**”) are as follows:

	For the period from 30 November 2023 to 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)
Annual cap	1,600	10,000	10,000

The Proposed Supply Annual Caps have been determined after taking into account: (i) the estimated amount of (a) equipment; and (b) components and parts of the equipment, to be supplied by the Group to Guangdong Imiko and/or Foshan Houdao for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025; and (ii) the historical transaction amount of (a) equipment; and (b) components and parts of the equipment, supplied by the Group to Guangdong Imiko and/or Foshan Houdao.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUIPMENT PROCUREMENT AGREEMENTS AND THE EQUIPMENT SUPPLY AGREEMENTS

Since Guangdong Imiko is familiar with the business and operational needs of the Group through their long-term cooperation with the Group in the previous years, the Company is of the view that the Equipment Procurement Agreements enable the Group to secure a stable source of the relevant equipment and components and parts of equipment from Guangdong Imiko, thereby avoiding unnecessary disruption to the daily operations of the Group and benefiting its warehouse management, especially when the demand by the Group of such equipment and the related components and parts are expected to increase in the near future.

Meanwhile, in order to maximise production capacity and fully utilise the Group's resources (including supply chain processing and procurement advantages), the Group plans to diversify its business into production of food packaging equipment. Therefore, the Group and Mr. Huang established Aopusi in September 2023 with an aim to produce food packaging equipment and related components and parts. In 2024, the Group will start to provide box packaging equipment, accordingly, which will apply to, including but not limited to, ice-cream bags, ice-cream cups, coffee bags and pet food products. Through the supply of food packaging equipment to Foshan Houdao, which has a relatively larger customer base for such equipment, the Group can benefit from an increase in the sales of food packaging equipment.

The Directors (including the independent non-executive Directors) are of the view that the Equipment Procurement Agreements and the Equipment Supply Agreements and the transactions contemplated thereunder are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors believe that the terms of the Equipment Procurement Agreements and the Equipment Supply Agreements are fair and reasonable, the transactions are undertaken in the usual course of business, and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has any interest in the Equipment Procurement Agreements and the Equipment Supply Agreements and the transactions contemplated thereunder, and hence no Director has abstained from voting on the relevant board resolutions approving the Equipment Procurement Agreements and the Equipment Supply Agreements and the continuing connected transactions thereunder and the Proposed Procurement Annual Caps and the Proposed Supply Annual Caps.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in the design and production of automated machines for manufacturing disposable hygiene products in the PRC.

Jinjiang Haina

Jinjiang Haina is a company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the design and production of machines for disposable hygiene products in the PRC.

Jinjiang Haijia

Jinjiang Haijia is a company established in the PRC and a non-wholly owned subsidiary of the Company. It is principally engaged in the production of wet wipe machines and packaging equipment in the PRC.

Jinjiang Haituo

Jinjiang Haituo is a company established in the PRC and a non-wholly owned subsidiary of the Company. It is principally engaged in the production of components and parts of equipment in the PRC.

Aopusi

Aopusi is a company established in the PRC and indirectly owned as to 55% by the Company and directly owned as to 45% by Mr. Huang. It is principally engaged in the production of food packaging equipment in the PRC.

Guangdong Imiko

Guangdong Imiko is a company established in the PRC and indirectly owned as to 86.5% by Mr. Huang. It is principally engaged in the production of packaging equipment in the PRC.

Foshan Houdao

Foshan Houdao is a company established in the PRC and directly wholly-owned by Guangdong Imiko. It is principally engaged in the production of packaging equipment in the PRC.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

In order to effectively implement the Equipment Procurement Agreements and the Equipment Supply Agreements, the Company has adopted the following internal control measures:

- (i) the financial department and other relevant departments of the Company will continuously monitor and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the Equipment Procurement Agreements and the Equipment Supply Agreements to ensure that the transactions thereunder are conducted on normal commercial terms or on terms no less favorable than those available from independent third parties and that the total transaction amount will not exceed the Proposed Procurement Annual Caps and the Proposed Supply Annual Caps before the relevant approval procedures; and
- (ii) the Company's auditor and the independent non-executive Directors will conduct annual review on the pricing principles, transaction terms and the Proposed Procurement Annual Caps under the Equipment Procurement Agreements and the Proposed Supply Annual Caps under the Equipment Supply Agreements.

IMPLICATIONS UNDER THE LISTING RULES

Aopusi was established in the PRC on 19 September 2023 and as at the date of this announcement, it is indirectly owned as to 55% by the Company and directly owned as to 45% by Mr. Huang. Thus, Mr. Huang is the controlling shareholder of a subsidiary of the Company and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As Mr. Huang is the ultimate controlling shareholder of Guangdong Imiko and Foshan Houdao, Guangdong Imiko and Foshan Houdao are considered as associates of Mr. Huang and a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the purpose of Rules 14A.53 and 14A.81 of the Listing Rules, on 29 November 2023, the Directors resolved to set an annual cap in respect of the annual aggregate transaction amounts under the Equipment Procurement Agreements and the Equipment Supply Agreements, respectively, for the period from 30 November 2023 to 31 December 2023 and each of the years ending 31 December 2024 and 2025. The applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual aggregate transaction amounts for either of the Equipment Procurement Agreements and the Equipment Supply Agreements are less than 5%.

Furthermore, by virtue of Rule 14A.101 of the Listing Rules, as (i) Guangdong Imiko and Foshan Houdao are connected persons of the Company at the subsidiary level; (ii) the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements and confirmed that the terms of the Equipment Procurement Agreements and the Equipment Supply Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Equipment Procurement Agreements and the Equipment Supply Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Aopusi”	Aopusi Intelligent Packaging System (Foshan) Co., Ltd.* (奧普思智能包裝系統(佛山)有限公司), a company established in the PRC and indirectly owned as to 55% by the Company and directly owned as to 45% by Mr. Huang
“Board”	the board of Directors
“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)
“Components and Parts Procurement Agreements”	the agreements entered into between Jinjiang Haijia and Guangdong Imiko on 30 November 2023 in relation to the procurement of components and parts of packaging equipment
“Components and Parts Supply Agreements”	the agreements entered into between Jinjiang Haituo and Guangdong Imiko on 30 November 2023 in relation to the supply of components and parts of equipment
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Diaper Automatic Packaging Equipment Procurement Agreements”	the agreements entered into between Jinjiang Haina and Guangdong Imiko on 30 November 2023 in relation to the procurement of diaper automatic packaging equipment

“Director(s)”	director(s) of the Company
“Equipment Procurement Agreements”	collectively, the Diaper Automatic Packaging Equipment Procurement Agreements and the Components and Parts Procurement Agreements
“Equipment Supply Agreements”	collectively, the Soft Paper Drawing Single Packaging Equipment Supply Agreement, the Components and Parts Supply Agreements and the Robotic Arm Supply Agreements
“Foshan Houdao”	Foshan Houdao Packaging Equipment Co., Ltd.* (佛山市後道包裝設備有限公司), a company established in the PRC and wholly-owned subsidiary of Guangdong Imiko
“Guangdong Imiko”	Guangdong Imiko Intelligent Equipment Co., Ltd.* (廣東愛美高智能設備有限公司), a company established in the PRC and indirectly owned as to 86.5% by Mr. Huang
“Group”	the Company and its subsidiaries
“Jinjiang Haina”	Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司), a company established in the PRC and wholly-owned subsidiary of the Company
“Jinjiang Haijia”	Jinjiang Haijia Intelligent Equipment Company Limited* (晉江市海佳智能設備有限公司), a company established in the PRC and non-wholly owned subsidiary of the Company
“Jinjiang Haituo”	Jinjiang Haituo Machinery Co., Ltd.* (晉江海拓機械有限公司), a company established in the PRC and non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Mr. Huang”	Mr. Huang Wei (黃偉), the ultimate controlling shareholder of Aopusi, Guangdong Imiko and Foshan Houdao, and a connected person of the Company at the subsidiary level

“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
“Robotic Arm Supply Agreements”	the agreements entered into between Aopusi and Foshan Houdao on 30 November 2023 in relation to the supply of robotic arms
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Soft Paper Drawing Single Packaging Equipment Supply Agreement”	the agreement entered into between Jinjiang Haijia and Guangdong Imiko on 30 November 2023, in relation to the supply of soft paper drawing single packaging equipment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 30 November 2023

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, namely Mr. Chang Chi Hsung and three independent non-executive Directors, namely Mr. Chan Ming Kit, Dr. Wang Fengxiang and Ms. Chan Man Yi.

* *For identification purpose only*