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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)

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

Reference is made to the announcement of Haina Intelligent Equipment International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 30 November 2023 (the “**Announcement**”) in relation to the continuing connected transactions of the Company. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise specified.

This announcement is made to provide additional information to the Announcement in relation to (i) the pricing basis under the Equipment Procurement Agreements and the Equipment Supply Agreements; and (ii) the basis of determination of the proposed annual caps.

PRICING BASIS

As disclosed in the Announcement regarding the pricing basis under the Equipment Procurement Agreements and the Equipment Supply Agreements, the procurement or sales amount 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 the equipment and/or the components and parts of the equipment (the “**Products**”) being procured or supplied, specifications and delivery date, and such procurement or sales amount shall be in line with the market price.

The Board would like to provide further information on the pricing basis under the Equipment Procurement Agreements and the Equipment Supply Agreements as below:

The Equipment Procurement Agreements

The prices of the Products shall be determined with reference to the prices at which the same or similar products (i) are sold by Guangdong Imiko to independent third parties (as defined under the Listing Rules); and (ii) are purchased by Jinjiang Haina or Jinjiang Haijia from independent third parties (as defined under the Listing Rules) in the following manner:

- (a) the prices of the Products shall not be higher than the price at which Guangdong Imiko supplies the same or similar products to independent third parties (as defined under the Listing Rules);
- (b) the prices of the Products shall be the reasonable prices of the same model of the Products that the Group and/or its subsidiary purchased from independent third parties (as defined under the Listing Rules), provided that such reference models can meet the technical specifications and quality standards required by the Group; and
- (c) if the prices referred to in (a) and (b) above are unavailable, the prices of the Products will be determined with reference to actual costs plus applicable taxes and profits (ranged from approximately 5% to 10%).

The Equipment Supply Agreements

Guangdong Imiko and Foshan Houdao agree to purchase the Products from the Group (or its subsidiary) and sell to third parties of the Group. The amount charged by the Group to all the distributors (including independent distributors) for its products shall be primarily determined based on the general guide on sales price of such goods as provided by the Group from time to time to the distributors (including independent distributors). The Group's pricing policy is based on a cost-plus pricing model. In determining the selling prices of its products, the Group takes into consideration an array of factors, including (i) the calculation of costs, which include the costs of raw materials, production costs, labour costs and operating costs (such as administration fees, profits and taxes); (ii) the estimated gross profit of its products and services for such year, which ranges from approximately 15% to 25%, and the estimated market demand in such year; and (iii) the profitability, market competitiveness and brand position of the Group.

BASIS OF DETERMINATION OF PROPOSED ANNUAL CAPS

The Board would like to provide further information on the basis of determination of the proposed annual caps as below:

The Proposed Procurement Annual Caps

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

The Board estimates that in 2024, around five procurement agreements with total transaction amount of approximately RMB6.8 million will be entered into between Guangdong Imiko and either of Jinjiang Haina and Jinjiang Haijia. However, taking into account a series of recent PRC policies targeted to restore and expand domestic demand and promote the continuous recovery of the economy, the Group expects that its revenue will gradually recover in 2024. On the other hand, the Group is actively coping with the situation, including placing advertisements on a number of mainstream media platforms and participating in a number of large-scale domestic and overseas exhibitions, with an aim to enhance brand exposure and awareness and accelerate market penetration in both the PRC and other countries. Additionally, the historical procurement amount increased gradually during the past two years. In light of the above, the Board believes that it is reasonable to allow a buffer of not more than 30% of the annual cap and set the annual cap under the Equipment Procurement Agreements at approximately RMB10.0 million for each of the two years ending 31 December 2025.

The Proposed Supply Annual Caps

	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 Board estimates that in 2024, around nine supply agreements with total transaction amount of approximately RMB9.2 million will be entered into between the Group (or its subsidiary) and either of Guangdong Imiko and Foshan Houdao. Therefore, when determining the annual caps under the Equipment Supply Agreements for the two years ending 31 December 2025, the Company has primarily considered the expected delivery schedule, sales amount, progress, and payment terms of the Products.

Save as disclosed above, all other information set out in the Announcement remains unchanged and shall continue to be valid. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 7 December 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.