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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

- The Group recorded a revenue of approximately RMB182.4 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB110.5 million).
- The Group recorded a gross profit of approximately RMB30.5 million and gross profit margin of approximately 16.7% for the six months ended 30 June 2024 (six months ended 30 June 2023: gross profit of approximately RMB12.8 million and gross profit margin of approximately 11.6%).
- Loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately RMB11.6 million (six months ended 30 June 2023: loss attributable to owners of the Company of approximately RMB15.4 million).

The board (the "**Board**") of directors (the "**Directors**") of Haina Intelligent Equipment International Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2024 (the "**Period**"), together with the comparative figures for corresponding six months ended 30 June 2023 (the "**Prior Period**") as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	**182,391**	110,535
Cost of sales		**(151,858)**	(97,751)
Gross profit		**30,533**	12,784
Other income	6	**5,145**	8,006
Selling and distribution costs		**(7,708)**	(5,338)
Administrative and other operating expenses		**(33,152)**	(26,904)
Provision for impairment loss on property, plant and equipment	11	**(1,705)**	–
Provision for impairment loss on intangible assets		**(16)**	–
Provision for impairment loss on trade receivables, net		**(1,950)**	(288)
(Provision for) Reversal of impairment loss on debt instrument at amortised cost		**(3,287)**	75
Provision for impairment loss on other receivables		**(62)**	(1,011)
Change in fair value of equity instruments at fair value through profit or loss ("**FVPL**")		**(231)**	(552)
Equity-settled share-based payment expenses	17	**(280)**	(692)
Finance costs	7	**(725)**	(769)
Loss before tax	7	**(13,438)**	(14,689)
Income tax expense	8	**(117)**	(1,130)
Loss for the period		**(13,555)**	(15,819)
Other comprehensive loss:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation of the Company's financial statements to presentation currency		**3,620**	7,690
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on consolidation		**(3,921)**	(8,414)
Total other comprehensive loss for the period		**(301)**	(724)
Total comprehensive loss for the period		**(13,856)**	(16,543)

	Note	Six months ended 30 June **2024** *RMB'000* **(Unaudited)**	2023 *RMB'000* (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(11,627)**	(15,363)
Non-controlling interests		**(1,928)**	(456)
		(13,555)	(15,819)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(11,928)**	(16,087)
Non-controlling interests		**(1,928)**	(456)
		(13,856)	(16,543)
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Loss per share	*10*		
Basic and diluted		**(2.06)**	(2.72)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2024** *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**342,823**	198,822
Intangible assets		**9,317**	12,036
Goodwill		**–**	–
Deferred tax assets		**2,174**	2,174
		354,314	213,032
Current assets			
Inventories		**233,926**	248,184
Equity instrument at FVPL		**215**	438
Debt instrument at amortised cost	*13*	**5,096**	9,130
Trade and other receivables	*12*	**120,171**	117,126
Restricted bank deposits		**10,814**	33,336
Bank balances and cash		**69,018**	56,311
		439,240	464,525
Current liabilities			
Trade and other payables	*14*	**272,165**	276,089
Lease liabilities		**5,209**	6,845
Interest-bearing borrowings	*15*	**212,735**	77,026
Income tax payable		**775**	732
		490,884	360,692
Net current (liabilities) assets		**(51,644)**	103,833
Total assets less current liabilities		**302,670**	316,865
Non-current liabilities			
Lease liabilities		**9,682**	10,301
Deferred tax liabilities		**1,527**	1,527
		11,209	11,828
NET ASSETS		**291,461**	305,037
Capital and reserves			
Share capital	*16*	**5,088**	5,088
Reserves		**286,316**	297,964
Equity attributable to owners of the Company		**291,404**	303,052
Non-controlling interests		**57**	1,985
TOTAL EQUITY		**291,461**	305,037

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 20 December 2017, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 June 2020. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is situated at Flat C, 21/F, Max Share Centre, 373 King's Road, North Point, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in the design and production of automated machines for disposable hygiene products in the People's Republic of China (the "**PRC**").

In the opinion of the directors of the Company (the "**Directors**"), the immediate and ultimate holding company is Prestige Name International Limited, a limited liability company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate controlling parties are Mr. Hong Yiyuan, Mr. Zhang Zhixiong, Mr. Su Chengya, Mr. He Ziping and Mr. Chang Chi Hsung (collectively referred to as the "**Controlling Shareholders**"), who have been acting in concert over the course of the Group's business history.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the "**Interim Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Interim Financial Statements are presented in Renminbi ("**RMB**") and all amounts are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2023 (the "**Annual Report**").

The Interim Financial Statements have been prepared on historical cost basis.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report except for the adoption of the new/revised HKFRSs, HKASs and Interpretations which are relevant to the Group as detailed in note 3 below (hereinafter collectively referred to as the "**new/revised HKFRSs**") which are effective for current interim period.

3. ADOPTION OF NEW/REVISED HKFRSS

In the current interim period, the Group has adopted for the first time the following new/revised HKFRSs issued by the HKICPA, which are effective for the current period.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the new/revised HKFRSs in the current period had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The Directors have determined that the Group has a single operating and reportable segment for the six months ended 30 June 2024 and 2023, as the Group manages its business as a whole as the design and production of automated machines for disposable hygiene products and the executive directors of the Company, being the chief operating decision makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

Information about geographical areas

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the location of customers.

Revenue from external customers

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**109,823**	97,565
The Philippines	**34,240**	4,621
Republic of Indonesia	**12,938**	238
Uzbekistan	**10,649**	–
Brazil	**7,509**	–
Malaysia	**7,109**	–
Korea	**32**	57
Cambodia	**30**	–
Vietnam	**28**	–
India	**24**	17
Islamic Republic of Pakistan	**9**	–
Dubai	**–**	1,845
Republic of Belarus	**–**	6,192
	182,391	110,535

The non-current assets are based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill and excluded deferred tax assets.

Non-current assets

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**351,868**	210,493
Hong Kong	**272**	365
	352,140	210,858

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of aggregate revenue of the Group during the period are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**–**	12,377

5. REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within HKFRS 15		
– at a point in time		
Sales of machines of		
– baby diaper	**78,121**	45,390
– adult diaper	**61,031**	25,744
– lady sanitary napkin	**20,605**	13,592
– under-pad	**–**	7,208
– wet wipe	**3,468**	1,982
– composite material	**–**	1,929
Sales of components and parts	**19,166**	14,690
	182,391	110,535

The amounts of revenue recognised for the six months ended 30 June 2024 and 2023 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB50.5 million and RMB21.3 million, respectively.

6. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**340**	651
Interest income from debt instrument at amortised cost	**1,341**	1,327
Exchange gain, net	**1,350**	3,815
Government grants *(Note)*	**380**	633
Sales of scrap materials	**607**	882
Others	**1,127**	698
	5,145	8,006

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the governments grants.

7. LOSS BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on bank borrowings	**2,334**	475
Finance charges on lease liabilities	**373**	294
	2,707	769
Less: interest on bank borrowings capitalized into construction in progress	**(1,982)**	–
	725	769
(b) Staff costs, including directors' remuneration		
Salaries, allowances, discretionary bonus and other benefits in kind	**26,901**	20,581
Equity-settled share-based payment expenses	**280**	692
Contributions to defined contribution plans	**3,812**	3,561
	30,993	24,834

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(c) Other items		
Cost of inventories *(Note)*	**151,858**	97,751
Auditor's remuneration	**194**	186
Amortisation of intangible assets (included in "cost of sales" and "administrative and other operating expenses", as appropriate)	**2,703**	1,105
Depreciation of property, plant and equipment (included in "cost of sales" and "administrative and other operating expenses", as appropriate)	**7,988**	7,189
Less: capitalised as "construction in progress"	**(438)**	(605)
	7,550	6,584
Exchange gain, net	**(1,350)**	(3,815)
Loss on disposal of property, plant and equipment, net	**17**	56
Research and development expenses	**13,920**	12,781

Note: During the six months ended 30 June 2024, cost of inventories included approximately RMB21.2 million (2023: approximately RMB16.8 million), relating to the aggregate amount of certain staff costs and depreciation, which were included in the respective amounts as disclosed above.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax – current period	**117**	1,130
Income tax expense for the period	**117**	1,130

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25% except for 晉江海納機械有限公司 (Jinjiang Haina Machinery Co. Ltd*) ("**Jinjiang Haina**") and 杭州海納機械有限公司 (Hangzhou Haina Machinery Co. Ltd*) ("**Hangzhou Haina**") were recognised as High and New Technology Enterprises and are entitled to a preferential tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approvals for Jinjiang Haina and Hangzhou Haina enjoying this tax benefit were obtained in December 2022 for the three years ending 31 December 2025 and in December 2023 for the three years ending 31 December 2026, respectively.

The Group's entities incorporated in the Cayman Islands and the BVI are exempted from income tax.

Hong Kong Profits Tax has not been provided as the Group had no assessable profit arising from Hong Kong for the six months ended 30 June 2024 and 2023.

* *English name is for identification purpose only.*

9. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company for the period is based on the following data:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss:		
Loss attributable to owners of the Company used for the purpose of basic loss per share *(RMB'000)*	**(11,627)**	(15,363)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share *('000)*	**563,976**	563,976

Diluted loss per share is same as basic loss per share for the six months ended 30 June 2024 and 2023 as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, property, plant and equipment (excluding right-of-use assets) purchased by the Group were approximately RMB148,957,000 (year ended 31 December 2023: approximately RMB112,906,000) and disposed by the Group were approximately RMB27,000 during the period (year ended 31 December 2023: approximately RMB143,000).

During the six months ended 30 June 2024, the Group recognised right-of-use assets (presented in property, plant and equipment) by incurring lease liabilities of approximately RMB4,760,000 (year ended 31 December 2023: approximately RMB12,553,000).

In light of the reduction of revenue and continuous operating losses of the Group's production facilities in Hangzhou as a result of the fierce market competition, the management of the Group considered that there is indication of impairment on the property, plant and equipment (including right-of-use assets) of RMB224,055,000 allocating to Hangzhou Haina representing a separate cash-generating unit (the "**Hangzhou Haina CGU**") and the impairment assessment of these property, plant and equipment has been performed together with intangible assets and goodwill relating to Hangzhou Haina CGU.

Accordingly, the carrying value of the property, plant and equipment and intangible assets has been reduced by approximately RMB1,705,000 and RMB16,000 respectively to reflect this impairment loss.

During the six months ended 30 June 2023, the Group adjusted right-of-use assets by remeasuring lease liabilities of approximately RMB469,000 upon entering into a new lease with increased lease consideration together derecognising right-of-use assets by reducing lease liabilities of approximately RMB328,000 in relation to the early termination of original lease term.

12. TRADE AND OTHER RECEIVABLES

	Note	**At 30 June 2024** *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Trade receivables		**68,149**	82,439
Less: Allowance for expected credit losses ("**ECL**")		**(11,267)**	(9,317)
	12(a)	**56,882**	73,122
Bill receivables	*12(b)*	**672**	–
Other receivables			
Prepayment to suppliers		**3,481**	4,790
Other prepaid expenses		**3,956**	3,401
Consideration receivable	*12(c)*	**2,336**	2,281
Interest receivable from debt instrument at amortised cost		**514**	502
Deposits and other receivables		**11,900**	6,345
Value-added tax and other tax recoverable		**43,200**	29,328
		65,387	46,647
Less: Allowance for ECL		**(2,770)**	(2,643)
		62,617	44,004
		120,171	117,126

12(a) Trade receivables

Apart from a portion of the contract sum retained by customers to cover the Group's product quality warranty, the Group does not grant credit terms to customers in the sales contract. However, the Group would normally grant credit terms up to 30 days from the date of issuance of invoices to its customers for their processing of billing settlement as approved by the management on a case by case basis.

Included in trade receivables at 30 June 2024 and 31 December 2023 were retained sums of approximately RMB15,771,000 and RMB22,147,000, respectively. These amounts are due for collection upon the expiry of product quality warranty period (which is usually 12 months from the acceptance by the customer of the machine).

The ageing analysis of trade receivables (net of allowance for ECL) based on revenue recognition date at the end of each reporting period is as follows:

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Within 30 days	**5,885**	9,973
31 to 60 days	**2,063**	3,273
61 to 90 days	**7,514**	7,626
91 to 180 days	**8,976**	20,522
181 to 365 days	**14,403**	10,035
Over 365 days	**18,041**	21,693
	56,882	73,122

At the end of each reporting period, the ageing analysis of the trade receivables (net of allowance for ECL) by due date is as follows:

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Not yet due	**21,066**	42,530
Within 30 days	**4,586**	1,981
31 to 60 days	**2,481**	3,466
61 to 90 days	**2,901**	951
91 to 180 days	**7,502**	4,044
181 to 365 days	**5,645**	8,211
Over 365 days	**12,701**	11,939
	35,816	30,592
	56,882	73,122

12(b) Bills receivables

At 30 June 2024, the bills receivables are interest-free and have maturities of less than 1 year.

12(c) Consideration receivable

The balance represents the outstanding consideration receivable for disposal of an unlisted equity instrument of HK$2,500,000 (equivalent to approximately RMB2,336,000) (year ended 31 December 2023: HK$2,500,000 equivalent to approximately RMB2,281,000). On 13 December 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose of its unlisted equity instrument, at a consideration of HK$14,200,000. The consideration would be settled by three installments in accordance with the sale and purchase agreement on or before 31 December 2023. As at the date of this announcement, the remaining balance of consideration was not yet settled.

13. DEBT INSTRUMENT AT AMORTISED COST

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Unlisted debt instrument, unsecured	**32,711**	32,841
Less: Allowance for ECL	**(27,615)**	(23,711)
	5,096	9,130

On 24 January 2021, the Company and Trendzon Holdings Group Limited (formerly known as "**Pipeline Engineering Holdings Limited**") (the "**Issuer**") entered into a subscription agreement, pursuant to which the Issuer has conditionally agreed to issue, and the Company has conditionally agreed to subscribe for, the bond in the principal amount of HK$40,000,000 (equivalent to approximately RMB33,248,000).

On 25 January 2022, the maturity date of the bond had been subsequently extended to 25 January 2023. On 3 March 2023, the Company and the Issuer has agreed to further extend the maturity date of the bond from 25 January 2023 to 25 July 2023 and also agreed to amend the bond interest rate from 6% to 8% per annum. Details are set out in the Company's announcements dated 25 January 2022 and 3 March 2023.

The Bond was subsequently guaranteed by a deed of corporate guarantee executed by an independent third party in favour of the Group on 4 March 2023. The independent third party is a company incorporated in the PRC with limited liability and is principally engaged in provision of business services in the PRC.

During the six months ended 30 June 2024, the Group received a partial settlement of HK$1,000,000 (equivalent to approximately RMB935,000) from the Issuer and the remaining balance of HK$35,000,000 (equivalent to approximately RMB32,711,000) was outstanding as at 30 June 2024.

The Company issued legal letters to demand the Issuer to make immediate repayment of the outstanding amount of the Bond and the corresponding bond interest receivable on 1 August 2023, 20 September 2023 and 1 August 2024 respectively. The Group also issued legal letters to the guarantor to demand settlement on 21 December 2023 and 25 July 2024 respectively.

14. TRADE AND OTHER PAYABLES

	Note	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Trade payables	*14(a)*	**70,099**	78,913
Bills payables		**41,778**	58,688
Other payables			
Salaries payable		**4,349**	6,538
Contract liabilities – receipt in advance		**79,936**	76,250
Payable for construction in progress		**56,031**	34,099
Other tax payables		**230**	2,470
Accruals and other payables		**19,742**	19,131
		160,288	138,488
		272,165	276,089

14(a) Trade payables

The trade payables are non-interest bearing and the Group is normally granted with credit term up to 180 days.

At the end of each reporting period, the ageing analysis of the trade payables based on goods receipt date is as follows:

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Within 30 days	**45,235**	56,097
31 to 60 days	**7,615**	10,838
61 to 90 days	**5,694**	4,642
91 to 180 days	**7,326**	4,631
181 to 365 days	**2,286**	1,842
Over 365 days	**1,943**	863
	70,099	78,913

15. INTEREST-BEARING BORROWINGS

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Bank loans – unsecured	**36,000**	20,000
Bank loans – secured	**176,735**	57,026
	212,735	77,026
Denominated in:		
RMB	**212,735**	77,026

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Analysed for reporting purpose:		
Carrying amounts of interest-bearing borrowings that are repayable*		
Within one year	**80,080**	49,277
More than one year, but not exceeding two years	**8,394**	8,000
More than two years, but not exceeding five years	**19,516**	3,084
More than five years	**104,745**	16,665
Amounts shown under current liabilities	**212,735**	77,026

* The amounts due are based on scheduled repayment dates, set out in the loan agreements.

The exposure of the Group's borrowings are as follows:

	At 30 June 2024 *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Fixed-rate borrowings	**109,730**	49,277
Variable-rate borrowings	**103,005**	27,749
	212,735	77,026

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At **30 June 2024** *RMB'000* (Unaudited)	At 31 December 2023 *RMB'000* (Audited)
Effective interest rate:		
Fixed-rate borrowings	**2.00% to 3.65%**	2.70% to 3.65%
Variable-rate borrowings	**3.50% to 3.90%**	3.78% to 3.90%

Note:

At 30 June 2024, the Group's bank loans of approximately RMB176,735,000 (year ended 31 December 2023: approximately RMB57,026,000) were secured by the land use right and construction in progress of the Group with aggregate carrying value of approximately RMB41,815,000 (year ended 31 December 2023: approximately RMB42,417,000) and approximately RMB198,692,000 (year ended 31 December 2023: approximately RMB117,557,000), respectively.

The banking facilities are subject to the fulfillment of covenants relating to certain of the Group's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If the Company and subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the relevant borrowing entities' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the relevant borrowing entities have complied with the covenants and met the scheduled repayment obligations.

The Company regularly monitors its compliance with these covenants and has made payments according to the schedule of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements.

16. SHARE CAPITAL

Ordinary shares of HK$0.01 each	**Number of shares**	*HK$*	*Equivalent to RMB'000*
Authorised:			
At 31 December 2023, 1 January 2024 (audited) and **30 June 2024 (unaudited)**	2,000,000,000	20,000,000	10,695
Issued and fully paid:			
At 31 December 2023, 1 January 2024 (audited) and **30 June 2024 (unaudited)**	**563,976,000**	**5,639,760**	**5,088**

17. SHARE-BASED PAYMENTS

Movements on the number of share options outstanding during the period are as follows:

	Number of outstanding share options
At 31 December 2023, 1 January 2024 (audited) and **30 June 2024 (unaudited)**	14,000,000

On 21 May 2021, the Company offered to grant a total of 14,000,000 share options at an exercise price of HK$1.14 per share of the Company to certain eligible participants (the "**Grantees**"), of which 10,000,000 and 4,000,000 share options were respectively granted to the executive directors of the Company and certain employees of the Group, pursuant to the Scheme of the Company. The Grantees are entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe a total of 14,000,000 ordinary shares in the share capital of the Company.

The fair values of share options granted to directors and employees on 21 May 2021 are approximately HK$0.355 and HK$0.360 per option respectively, which are calculated using a Binomial Option Pricing model by Roma Appraisals Limited with the following key inputs:

Share price at the date of grant	HK$1.14
Exercise price	HK$1.14
Expected volatility	46.02%
Risk-free interest rate	1.10%
Expected dividend yield	6.09%

During the six months ended 30 June 2024, with reference to the fair value of the share options granted, the Group recognised approximately RMB280,000 (30 June 2023: RMB692,000) as equity-settled share-based payment expenses. None of the share options was exercised.

18. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the Interim Financial Statements, since 30 June 2024 up to the date of this announcement, no significant events affecting the Group have taken place.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Haina Intelligent Equipment International Holdings Limited is an established manufacturer engaging in the design and production of automated machines for manufacturing disposable hygiene products including baby diapers, adult diapers, lady sanitary napkins, under-pads, composite material and wet wipe in the PRC.

In the first half of 2024, the PRC's economy still demonstrated strong resilience and potential under the dual pressures of a complex and severe external environment and domestic structural adjustments and upgrades. According to information released by the National Bureau of Statistics, GDP grew by 5% year-on-year in the first half of 2024, and domestic demand continued to recover, showing a steady progress. Coupled with the sustained efforts of policies aimed at expanding domestic demand, large-scale equipment updates, and the introduction of replacement programs for consumer goods, new growth points for consumption have been fostered, leading to an expected increase in sales of machines for manufacturing disposable hygiene products this year.

The Group had two production bases in the PRC, namely the Jinjiang Production Base and the Hangzhou Production Base, with a total gross floor area of approximately 53,000 square metres. The Group operated 18 and 9 production lines in the Jinjiang Production Base and the Hangzhou Production Base, respectively. During the Period, the production process of the Group has gradually transitioned from mainly assembling components and parts that are used for the production of the Group's products to self-processing some core components, while the Group still needs to procure other standard product components and parts from third party manufacturers.

Besides, on 5 January 2022, the Company's wholly-owned subsidiary, Zhejiang Haina Tongchuang Intelligent Technology Company Limited ("**Haina Tongchuang**") successfully won the bid for the land use rights of a parcel of land with a total site area of approximately 27,594 square metres (the "**Land 1**") at a consideration of approximately RMB21,830,000. The Land 1 will be used for the construction of a digital factory with a total gross floor area of approximately 78,579 square metres (the "**Factory**"), which will be principally engaged in the design and production of automated machines for disposable hygiene products to meet customers' surging demand for the Group's products and better achieve the expansion plan and centralize its operation management. The project was partially financed by the net proceeds from the placing of new shares under general mandate which was completed on 30 June 2021. On 15 August 2022, Haina Tongchuang entered into a construction contract with Fujian Huidong Construction Engineering Co., Ltd.*（福建省惠東建築工程有限公司）(the "**Contractor 1**"), pursuant to which the Contractor 1 agreed to carry out the construction works of the Factory and other ancillary facilities on the Land 1 at a total contract price of approximately RMB265.6 million. As at the date of this announcement, the construction of internal structural works and ancillary works of the Factory is in progress, and the whole project is expected to be completed by the end of 2024.

On 30 June 2022, Jinjiang Haina Machinery Co., Ltd. ("**Jinjiang Haina**"), a wholly-owned subsidiary of the Company, has successfully won the bid for the land use rights of a parcel of land with a total site area of approximately 28,353 square metres (the "**Land 2**") at a consideration of approximately RMB19.9 million, which will be used for the construction of a new research and development and production centre (the "**R&D Centre**"). The R&D Centre can shorten the time for transporting, disassembling and re-assembling of raw materials during the Group's production process and facilitate staff deployment. In addition, the R&D Centre can help expand the Group's production capacity to meet customers' surging demand for the Group's products and better achieve the expansion plan. On 4 July 2023, Jinjiang Haina entered into a construction contract with HUIYU(FJ) CONSTRUCTION PROJELE COM., LTD.* (福建省惠裕建設工程有限公司) (the "**Contractor 2**"), pursuant to which the Contractor 2 agreed to carry out the construction works of the R&D Centre and other ancillary facilities on the Land 2 at a total contract price of approximately RMB176.0 million. As at the date of this announcement, part of the project has been progressively topped out and the whole project is expected to be completed in the second half of 2025.

During the Period, the Group recorded a total revenue of approximately RMB182.4 million, with a total number of 29 units of machines sold, representing an increase of approximately 65% as compared to the corresponding period in 2023. Meanwhile, the Group's customers are mainly located in the PRC, and the Group also sold its products to 10 overseas countries during the Period. The Group recorded a net loss of approximately RMB13.6 million for the Period, representing a decrease of approximately 14% as compared to the corresponding period in 2023.

* *English name is for identificaion purpose only*

Going forward

The Group will further strengthen the efforts invested in such fields as product research and development, technological transformation, optimization of industrial chain and market expansion, and constantly optimize its production process to provide customers with more comprehensive services and better products, so as to maintain its leading position as one of the best suppliers of disposable sanitary products machinery in the PRC. Meanwhile, the Group intends to implement the following strategies and expansion plans to leverage its strengths, thereby improving the Group's business prospects and financial performance.

(1) Improving the capability of research and development, strengthening the R&D innovation and promoting technological transformation

The Group has successfully bid for the Land 2 in Jinjiang City, Fujian Province in June 2022 for establishing the R&D Centre to provide development service for the products under the brand "Haina Machinery", and the current research and development activities are also to be relocated to this location. The establishment of the R&D Centre will help the Group to better monitor the development of its key products, shorten the preparation time for developing customized products, and further enhance the efficiency of the research and development of new products. As at the date of this announcement, the R&D Centre has been progressively topped out and is expected to be completed in the second half of 2025. Upon the completion of the project, it shall elevate the Group's production line deployment and intelligent production standards to boost both the precision and pace, enabling the Group to embark on a new chapter in the development of advanced equipment manufacturing.

In addition, the property, plant and equipment (excluding right-of-use assets and construction in progress) of the Group during the Period increased by approximately 30.4% as compared to 31 December 2023. The increase was mainly attributable to the increase in the newly purchased precision manufacturing and automation equipment, in order to support the Group's R&D activities and strengthen the R&D innovation, thereby enhancing new technologies and improving the Group's capability on research and development. During the Period, the Group incurred research and development expenses (including capitalized expenses) of approximately RMB13.9 million, which were fully funded by the Group's internal resources.

(2) Increasing production capacity of production bases, accelerating the industrial technology iteration and upgrades and increasing flexibility

In January 2022, the Group successfully bid the Land 1 for the construction of the Factory, which will be principally engaged in the design and production of automated machines for disposable hygiene products. It is expected to meet the customers' surging demand for the Group's products, and to better realize the expansion plan and centralize its operation management. The total investment amount of the Factory is expected to be not less than RMB600 million. As at the date of this announcement, the Factory was undergoing construction of internal structural works and ancillary works and the whole project was expected to be completed by the end of 2024.

In June 2022, the Group successfully bid the Land 2 for the construction of the R&D Centre and the total investment amount in the R&D Centre is expected to be not less than RMB350 million. As at the date of this announcement, part of the project had been progressively topped out and it was expected that the entire project would be completed in the second half of 2025. Upon completion, existing R&D activities will be conducted at the production centre in the R&D centre, which will enable the Group to comprehensively upgrade its production activities and further increase its investment in mechanical equipment.

In addition, the Group will accelerate its technology iteration and upgrade its techniques, and with the increase in our self-production rate of core components annually, and the optimisation of the deployment of the industrial chain, in order to build a technologically advanced "little giant" enterprise. During the Period, the Group invested in the establishment of three subsidiaries to self-produce and process parts and components used for the production of the Group's machinery, replacing the previous model of external procurement, improving component supply management and accelerating technological process iteration and upgrading. Through such integration, reducing the procurement time and optimizing the production process will provide the Group with more competitive advantages and more flexibility in production.

(3) Taking thorough steps to promote global "platformisation" strategy to continue the expansion of overseas markets

In 2024, while the global economy is experiencing recovery and growth, it also faces challenges in areas such as inflation, debt and trade, with the international landscape changing rapidly. To drive economic improvement, the nation has introduced a series of policies to expand domestic demand and promote the upgrade of the intelligent equipment manufacturing industry, so as to elevate the PRC manufacturing sector to the higher end of the global value chain. It is expected that the sales of disposable hygiene product machines in the PRC will increase year by year.

The Group is actively coping with challenges. During the Period, the Group placed advertisements on a number of mainstream media platforms in both domestic and overseas markets, such as TikTok, TouTiao, Alibaba and Amazon, and actively participated in a number of large-scale domestic and overseas exhibitions in Nanjing, Turkey, etc., with an aim to enhance brand exposure and awareness and accelerate brand market penetration in both home and abroad.

Additionally, the Group has undertaken strategic planning and organisational capabilities enhancement projects, enabling the Group to accurately position its products, markets and customers, while implementing the proposed strategies to achieve breakthroughs in specific areas and identify potential for sustainable growth. The new development strategy can adapt to changes in the market and gain deeper insights into customers' requirements, so as to carry out targeted research and development of new products and improve services for customers, striving for greater market penetration. "Market share, product quality and branding" will be served as the three key pillars propelling Haina Intelligent's future development. The Group will continue to deepen its presence in the PRC market, at the same time, actively exploring markets of emerging economies around the world and protect the overseas market share, so as to achieve both domestic and overseas business growth and continuously solidify its leading position in the industry.

In 2024, the PRC's economy is making comprehensive recovery, while it is also a crucial year for the Group to overcome difficulties, hasten the development and promote the comprehensive acceleration of the construction of key projects. Meanwhile, the digital factories in Jinjiang and Hangzhou are under orderly construction. Upon the completion of the project, the Group will comprehensively accelerate the technological upgrading and R&D innovation, which will bring new momentum to the Group.

Financial review

Revenue

By type of products:

	Six months ended 30 June					
	2024			2023		
	Units	***RMB'000***	***%***	*Units*	*RMB'000*	*%*
		(Unaudited)			(Unaudited)	
Baby diaper machines	**11**	**78,121**	**43**	8	45,390	41
Adult diaper machines	**9**	**61,031**	**33**	4	25,744	23
Lady sanitary napkin machines	**5**	**20,605**	**11**	4	13,592	12
Under-pad machines	**–**	**–**	**–**	2	7,208	7
Wet wipe machines	**4**	**3,468**	**2**	3	1,982	2
Composite material machines	**–**	**–**	**–**	2	1,929	2
Components and parts	**N/A**	**19,166**	**11**	N/A	14,690	13
	29	**182,391**	**100**	23	110,535	100

The Group's revenue increased by approximately RMB71.9 million (or 65%) to approximately RMB182.4 million for the Period as compared to approximately RMB110.5 million for the Prior Period. This was mainly due to the increase in the sales of baby diaper machines (approximately RMB32.7 million), adult diaper machines (approximately RMB35.3 million), lady sanitary napkin machines (approximately RMB7.0 million), wet wipe machines (approximately RMB1.5 million) and components and parts (approximately RMB4.5 million). The increase was partially offset by the decrease in sales of under-pad machines (approximately RMB7.2 million) and composite material machines (approximately RMB1.9 million).

As at 30 June 2024, the Group has entered into sales contracts with its customers for the sales and purchase of 17, 16, 4 and 3 units of baby diaper machines, adult diaper machines, lady sanitary napkin machines and wet wipe machines with aggregate contract values of approximately RMB113.2 million, RMB134.9 million, RMB16.1 million and RMB2.9 million, respectively. Subsequent to 30 June 2024, the Group further entered into sales contracts with its customers for the sales and purchase of 2, 3, 2 and 1 units of baby diaper machines, adult diaper machines, lady sanitary napkin machines and wet wipe machines with aggregate contract values of approximately RMB20.6 million, RMB40.4 million, RMB9.8 million and RMB0.6 million, respectively. The machines under these contracts are expected to be delivered during the year of 2024 and 2025.

Gross Profit and Gross Profit Margin

The gross profit increased by approximately RMB17.7 million to approximately RMB30.5 million for the Period as compared to approximately RMB12.8 million for the Prior Period. The gross profit margin increased by approximately 5.1% to approximately 16.7% for the Period as compared to approximately 11.6% for the Prior Period. The increases in both gross profit and gross profit margin were mainly due to: (i)an increase in units of machines sold; and (ii) a general decrease in the price of main raw materials and accessories.

Other Income

The other income mainly comprised government grants, bond interest income, exchange gain, bank interest income, income from the sale of scrap materials and settlements of insurance claims. The government grants mainly represent the government grants received from government authorities of Fujian Province such as Jinjiang Finance Bureau and Jinjiang Bureau of Economy and Information Technology, which the entitlements were unconditional and at the discretion of the relevant authorities. All the government grants received during the Period and/or the Prior Period were one-off and unconditional. The Group's other income decreased from approximately RMB8.0 million for the Prior Period by approximately RMB2.9 million or approximately 36.3% to approximately RMB5.1 million for the Period. Such decrease was mainly due to the decrease in foreign exchange gain during the Period.

Selling and Distribution Costs

The selling and distribution costs mainly comprised expenses incurred for business trips and entertainment, depreciation, promotional expenses and repair costs. The selling and distribution costs increased by approximately RMB2.4 million or 45.3%, from approximately RMB5.3 million for the Prior Period to approximately RMB7.7 million for the Period. The increase was mainly due to the increase in delivery charges of approximately RMB0.4 million, advertising expenses of approximately RMB0.5 million, remuneration expenses of approximately RMB0.8 million, expenses incurred for business trips of approximately RMB0.4 million and commission to sales person of approximately RMB0.3 million.

Administrative and Other Operating Expenses

The administrative and other operating expenses mainly comprised research and development expenses, staff costs, depreciation, amortisation, consultancy fee and training fee. The administrative and other operating expenses increased from approximately RMB26.9 million for the Prior Period by approximately RMB6.3 million or 23.4% to approximately RMB33.2 million for the Period. The increase was mainly due to the increase in remuneration and welfare expenses of approximately RMB1.6 million and staff training fee of approximately RMB1.5 million during the Period.

Finance Costs

For the Period, finance costs was approximately RMB0.7 million, which decreased by approximately 12.5% as compared to approximately RMB0.8 million for the Prior Period. The decrease was mainly due to decrease in interest on bank borrowings after capitalisation.

Income Tax Expense

For the Period, income tax expense was approximately RMB0.1 million, decreased by approximately 90.9% as compared to approximately RMB1.1 million for the Prior Period. The decrease was mainly due to the decrease in taxable profits of the Group's operating subsidiaries in the PRC for the Period.

Loss Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of approximately RMB11.6 million for the Period (Prior Period: approximately RMB15.4 million). The decrease in loss attributable to owners of the Company for the Period was mainly due to the increase in gross profit as discussed above.

Trade receivables

As at the date of this announcement, the Group recorded the subsequent settlement of approximately RMB9.4 million on trade receivables outstanding as at 30 June 2024.

Interim dividend

The Board has resolved not to declare an interim dividend for the Period.

Use of proceeds from listing

The shares of the Company have been listed on the Main Board of the Stock Exchange on 3 June 2020 with a total of 122,004,000 offer shares being issued (including the partial exercise of the over-allotment option) based on the share price of HK$1.38 per share (the "**Share Offer**"). The aggregate nominal value of the offer shares mentioned above is HK$1,220,040. The net proceeds of the Share Offer, after deducting underwriting commissions and other fees in connection with the listing, were approximately HK$130.1 million or RMB119.5 million. The net price per offer share is approximately HK$1.07. The Directors intend to deploy the proceeds according to the manner set out in the prospectus of the Company dated 20 May 2020 (the "**Prospectus**"). The use of net proceeds will be in accordance with the implementation plan as set out in the Prospectus. Set out below is the actual use of net proceeds up to 28 April 2023:

	Net proceeds allocation	Amount of unutilised net proceeds as at 1 January 2023	Utilised net proceeds up to 28 April 2023	Unutilised net proceeds up to 28 April 2023
	RMB million	*RMB million*	*RMB million*	*RMB million*
Setting up the research and development centre	24.1	1.1	23.0	1.1
Strengthening research and development capabilities	22.9	2.9	20.0	2.9
Increasing production capacity	16.8	9.6	8.0	8.8
Increasing competitiveness through acquisitions	43.5	27.0	16.5	27.0
Working capital and general corporate purposes	12.2	6.7	5.7	6.5
	119.5	47.3	73.2	46.3

On 28 April 2023, the Group announced that the unutilised net proceeds were reallocated to the setting up of the new research and development centre, the new manufacturing workshop and other office buildings in Jinjiang.

	Net proceeds allocation	Amount of unutilised net proceeds as at 31 December 2023	Utilised net proceeds up to 30 June 2024	Unutilised net proceeds up to 30 June 2024	Time frame for utilisation
	RMB million	*RMB million*	*RMB million*	*RMB million*	
Setting up a new research and development centre in Jinjiang	24.1	15.1	24.1	–	Fully utilised
Setting up a new manufacturing workshop and other office buildings in Jinjiang	22.2	22.2	22.2	–	Fully utilised
	46.3	37.3	46.3	–	

Liquidity and financial resources

During the Period, the Group's working capital was mainly financed by internal resources and interest-bearing borrowings. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 0.9 times as at 30 June 2024 (31 December 2023: approximately 1.3 times). The Group generally financed its daily operations from cash flows generated internally.

Financial policies

The Group is exposed to liquidity risk in respect of settlement of its trade and other payables, bank borrowings and financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Capital structure

As at 30 June 2024, the capital structure of the Group consisted of equity of approximately RMB291.5 million (31 December 2023: approximately RMB305.0 million) and bank borrowings of approximately RMB212.7 million (31 December 2023: approximately RMB77.0 million) as more particularly described in the paragraph headed "Borrowings" below.

Borrowings

As at 30 June 2024, the Group have bank loans of approximately RMB212.7 million (31 December 2023: approximately RMB77.0 million).

For further details of the borrowings, please refer to note 15 to the unaudited condensed consolidated financial statements.

Gearing ratio

The Group's gearing ratio, which is calculated based on the total interest-bearing liabilities (defined as the sum of bank loans and lease liabilities) divided by the total equity as at the respective period end was approximately 78.1% as at 30 June 2024 (31 December 2023: approximately 30.9%)

Capital commitment

As at 30 June 2024, the Group had the following capital expenditure commitments:

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Contracted but not provided, net of deposit paid for		
– Construction in progress	**189,329**	327,083
– Development of intangible assets*	**27,679**	27,679
	217,008	354,762

* The development of intangible assets represents a development of an intelligent equipment operation and maintenance platform which the platform has completed the first phase of software system deployment. As at 30 June 2024, the amount of capital commitment refers to second phase development which has been suspended as the progress does not meet the expectations.

Contingent liabilities

Save as disclosed elsewhere in this announcement, the Group had no material contingent liabilities as at 30 June 2024 (31 December 2023: nil).

Foreign exchange risk management

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the Period. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of Renminbi against United States dollars and Hong Kong dollars during the Period, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate time.

As at 30 June 2024 and 31 December 2023, the Group had not entered any financial instrument for the hedging of foreign currencies.

Human resources

The Group has employed a total of approximately 529 employees as at 30 June 2024 (30 June 2023: approximately 467 employees) in Hong Kong and the PRC. Staff costs (including Directors' emoluments) amounted to approximately RMB31.0 million for the Period (Prior Period: approximately RMB24.8 million). The remuneration was determined based on the performance and professional experience of employees as well as the prevailing market conditions. The management will regularly review the remuneration policy and arrangement of the Group. In addition to pension, the Group will also distribute discretionary bonus to certain employees as incentives according to their performance. The Group recruits and selects candidates on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position.

Charges on group's assets

Save as disclosed in note 15 to the unaudited condensed consolidated financial statements, no assets of the Group were charged or pledged as at 30 June 2024.

Significant investments and material acquisitions and disposals

During the Period, the Group did not have significant investment and material acquisitions and disposals.

Future plans for material investments and capital assets

Reference is made to the disclosure in the Prospectus on the Group's plans to increase its production capacity and the announcement of the Company published on 8 November 2021. On 30 June 2022, the Company announced that it successfully won the bid for the Land 2 for the purpose of constructing a dedicated research and development and production centre in Jinjiang City.

Reference is also made to the announcement of the Company dated 5 January 2022, in which the Company announced that it successfully won the bid for the Land 1 for development the Group's Hangzhou production base.

Save as the above and the matters disclosed in this announcement, the Group currently has no plan for material investments and capital assets.

Event after the reporting period

Save as disclosed in note 18 to the unaudited condensed consolidated financial statements, there are no significant events affecting the Group which have occurred after the Period and up to the date of this announcement.

Compliance with the code on corporate governance practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. In the opinion of the Directors, except for the below deviation, the Company has adopted the applicable code provisions as contained in the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix C1 to the Listing Rules during the Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Hong Yiyuan, the chairman of the Board and the chief executive officer of the Company, currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Compliance with the model code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code during the Period.

Audit committee

The audit committee of the Company (the "**Audit Committee**") assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The duties of the Audit Committee include reviewing, in draft form, the annual report and accounts, half-year report and provide advice and comments to the Board. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan Ming Kit, Dr. Wang Fengxiang and Ms. Chan Man Yi and one non-executive Director, namely Mr. Chang Chi Hsung. The chairman of the Audit Committee is Ms. Chan Man Yi, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules to chair the Audit Committee.

The financial information in this announcement has not been reviewed nor audited by the Company's auditor but the Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the Period and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

Publication of interim results announcement and interim report

This announcement is published on the Company's website (http://www.haina-intelligent.com) and the Stock Exchange's website (https://www.hkexnews.hk). The interim report of the Company for the Period will be despatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

Appreciation

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Period.

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

Hong Kong, 30 August 2024

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 Ms. Chan Man Yi.