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 2021

HIGHLIGHTS

- The Group recorded revenue of approximately RMB201.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB207.9 million).
- The Group recorded gross profit of approximately RMB45.8 million and gross profit margin of approximately 22.8% for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB78.8 million and gross profit margin of approximately 37.9%).
- Profit attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB18.3 million (six months ended 30 June 2020: approximately RMB24.6 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 2021 (the "**Period**"), together with the comparative figures for corresponding six months ended 30 June 2020 (the "**Prior Period**") as follows:

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

	Note	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	5	**201,228**	207,873
Cost of sales		**(155,391)**	(129,053)
Gross profit		**45,837**	78,820
Other income	6	**7,491**	5,234
Selling and distribution costs		**(5,604)**	(5,479)
Administrative and other operating expenses		**(28,306)**	(20,561)
Reversal of impairment loss of trade receivables, net		**1,277**	228
Equity-settled share-based payment expenses	17	**(144)**	—
Finance costs	7	**(630)**	(670)
Listing expenses		**—**	(15,985)
Profit before tax	7	**19,921**	41,587
Income tax expenses	8	**(2,189)**	(9,175)
Profit for the period		**17,732**	32,412
Other comprehensive (loss) income:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation of the Company's financial statements to presentation currency		**(482)**	(72)
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on consolidation		**913**	(1,580)
Total other comprehensive income (loss) for the period		**431**	(1,652)
Total comprehensive income for the period		**18,163**	30,760
Profit for the period attributable to:			
Owners of the Company		**18,336**	24,603
Non-controlling interests		**(604)**	7,809
		17,732	32,412
Total comprehensive income for the period attributable to:			
Owners of the Company		**18,767**	22,951
Non-controlling interests		**(604)**	7,809
		18,163	30,760
		RMB cents **(Unaudited)**	*RMB cents* (Unaudited)
Earnings per share	10		
Basic and diluted		**3.90**	6.73

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current assets			
Plant and equipment	11	**33,280**	35,663
Intangible assets		**3,756**	4,957
Goodwill		**1,369**	1,369
		38,405	41,989
Current assets			
Inventories		**252,586**	182,699
Trade and other receivables	12	**126,532**	100,193
Investment in an unlisted bond	13	**34,114**	—
Restricted bank deposits		**2,269**	2,000
Time deposits with original maturity of more than three months		**20,000**	—
Cash and cash equivalents		**194,308**	230,416
		629,809	515,308
Current liabilities			
Trade and other payables	14	**266,464**	247,116
Lease liabilities		**6,867**	7,071
Interest-bearing borrowings	15	**19,535**	—
Dividends payable		**19,535**	—
Income tax payable		**4,045**	3,393
		316,446	257,580
Net current assets		**313,363**	257,728
Total assets less current liabilities		**351,768**	299,717
Non-current liabilities			
Lease liabilities		**16,192**	17,902
Deferred tax liabilities		**1,636**	1,817
		17,828	19,719
NET ASSETS		**333,940**	279,998
Capital and reserves			
Share capital	16	**5,088**	4,315
Reserves		**328,852**	268,448
Equity attributable to owners of the Company		**333,940**	272,763
Non-controlling interests		**—**	7,235
TOTAL EQUITY		**333,940**	279,998

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, 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 and Mr. He Ziping (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 2021 (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 2020, 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 2020 (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 and the adoption of the accounting policy for "Share-based payment transactions" as below.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

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 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2

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 2021 and 2020, 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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC (place of domicile)	**162,431**	182,005
Korea	**12,764**	1,682
Nigeria	**9,564**	—
Thailand	**8,595**	—
Yemen	**5,390**	—
Vietnam	**1,413**	—
Indonesia	**672**	9,813
Pakistan	**241**	39
Angola	**158**	571
Dubai	**—**	9,126
Bangladesh	**—**	4,637
	201,228	207,873

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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	*Note*	26,632

Note: The customer contributed less than 10% of the total revenue of the Group for six months ended 30 June 2021.

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

Non-current assets

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**38,351**	41,853
Hong Kong	**54**	136
	38,405	41,989

5. REVENUE

	Six months ended 30 June	
	2021	2020
	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	**104,232**	44,832
— adult diaper	**61,814**	11,212
— lady sanitary napkin	**22,063**	—
— underpad	**3,516**	—
— medical disposable face mask	**—**	144,734
Sales of components and parts	**9,603**	7,095
	201,228	207,873

The amounts of revenue recognised for the six months ended 30 June 2021 and 2020 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB53.2 million and RMB15.1 million, respectively.

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**474**	488
Bond interest income	**866**	—
Exchange gain, net	**654**	37
Government grants *(Note)*	**5,108**	4,613
Sales of scrap materials	**147**	20
Gain on disposal of plant and equipment	**1**	40
Others	**241**	36
	7,491	5,234

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

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Finance costs		
Finance charges on lease liabilities	**630**	580
Interest on bank borrowings	**—**	90
	630	670
(b) Staff costs, including directors' remuneration		
Salaries, allowances, discretionary bonus and other benefits in kind	**19,208**	16,494
Equity-settled share-based payment expenses	**144**	—
Contributions to defined contribution plans	**1,677**	1,687
	21,029	18,181
(c) Other items		
Cost of inventories *(Note)*	**155,391**	129,053
Auditor's remuneration	**200**	181
Amortisation of intangible assets (included in "administrative and other operating expenses")	**1,201**	1,996
Depreciation of plant and equipment (included in "cost of sales" and "administrative and other operating expenses", as appropriate)	**6,362**	5,629
Exchange gain, net	**(654)**	(37)
Research and development expenses	**14,746**	9,382

Note:

During the six months ended 30 June 2021, cost of inventories included approximately RMB15.8 million (2020: approximately RMB12.4 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 EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax — current period	**2,369**	9,240
Withholding tax		
Withholding Tax – current period	**—**	399
Deferred tax		
Origination and reversal of temporary differences	**(180)**	(464)
Income tax expenses for the period	**2,189**	9,175

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**") which were recognised as New and Hightech 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 2019 for the three years ending 31 December 2021 and in December 2020 for the three years ending 31 December 2022, 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 2021 and 2020.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group was therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in the PRC for the six months ended 30 June 2020.

9. DIVIDENDS

During the six months ended 30 June 2021, a final dividend in respect of the year ended 31 December 2020 of HK$0.05 (equivalent to approximately RMB0.04) per ordinary share (the "**2020 Final Dividends**"), totaling approximately HK$23,500,000 (equivalent to approximately RMB19,535,000) has been proposed by the Directors and was approved by the shareholders of the Company in the annual general meeting held on 28 May 2021. The 2020 Final Dividends were paid on 2 July 2021.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

* *English name is for identification purpose only.*

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit:		
Profit attributable to owners of the Company used for the purpose of basic earnings per share *(RMB'000)*	**18,336**	24,603
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share *('000)*	**470,523**	365,503

The computation of diluted earnings per share does not assume the exercise of the outstanding share options since the exercise price per share option was higher than the average share price of the Company for the six months ended 30 June 2021.

Diluted earnings per share was same as basic earnings per share as there were no potential ordinary shares outstanding during the six months ended 30 June 2020.

11. PLANT AND EQUIPMENT

During the six months ended 30 June 2021, plant and equipment (excluding right-of-use assets) purchased and disposed of by the Group were approximately RMB1,232,000 (year ended 31 December 2020: approximately RMB2,484,000) and approximately RMB1,000 (year ended 31 December 2020: RMB82,000), respectively.

During the six months ended 30 June 2021, the Group recognised right-of-use assets (presented in plant and equipment) by incurring lease liabilities of approximately RMB2,762,000 (year ended 31 December 2020: RMB7,059,000).

12. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade receivables from third parties		**91,916**	78,636
Less: Allowance for expected credit losses ("**ECL**")		**(2,012)**	(3,289)
	12(a)	**89,904**	75,347
Bills receivables		**2,720**	—
Other receivables			
Deposits and other receivables		**1,013**	2,326
Prepayment to suppliers		**16,179**	8,368
Other prepaid expenses		**916**	1,289
Value-added tax and other tax recoverable		**15,800**	11,143
Capital contribution receivable from the non-controlling shareholders of a subsidiary		**—**	1,720
		33,908	24,846
		126,532	100,193

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 2021 and 31 December 2020 were retained sums of approximately RMB30,859,000 and RMB31,708,000, 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 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Within 30 days	**16,772**	31,320
31 to 60 days	**1,335**	13,852
61 to 90 days	**1,364**	1,741
91 to 180 days	**19,150**	8,754
181 to 365 days	**38,488**	5,387
Over 365 days	**12,795**	14,293
	89,904	75,347

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 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Not yet due	**42,100**	39,542
Within 30 days	**16,625**	8,782
31 to 60 days	**1,369**	6,329
61 to 90 days	**1,422**	1,260
91 to 180 days	**6,419**	3,567
181 to 365 days	**13,057**	5,440
Over 365 days	**8,912**	10,427
	47,804	35,805
	89,904	75,347

13. INVESTMENT IN AN UNLISTED BOND

On 24 January 2021, the Company and Pipeline Engineering Holdings Limited (the "**Issuer**") entered into the 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) with the interest rate of 6% per annum and with maturity date on 26 January 2022 (the "**Bond**") at the subscription price of HK$40,000,000 (equivalent to approximately RMB33,248,000) (the "**Subscription**"). On 26 January 2021, the Subscription was completed. The Issuer is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1865). Details of the Subscription are set out in the Company's announcements dated 25 and 26 January 2021.

In the opinion of the Directors, the carrying amount of the Bond approximates its fair value.

14. TRADE AND OTHER PAYABLES

	Note	At 30 June 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Trade payables	*14(a)*	**79,304**	75,372
Bills payables		**30,000**	10,000
Other payables			
Salaries payable		**3,358**	6,431
Contract liabilities — receipt in advance		**140,995**	124,973
Dividend payables to non-controlling shareholders of a subsidiary		**—**	16,660
Accruals and other payables		**11,127**	11,680
Provision for litigation and claim	*14(b)*	**2,000**	2,000
		157,480	161,744
		266,784	247,116

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 2021 *RMB'000* (Unaudited)	At 31 December 2020 *RMB'000* (Audited)
Within 30 days	**55,368**	59,014
31 to 60 days	**8,449**	7,106
61 to 90 days	**6,338**	5,759
91 to 180 days	**7,488**	2,133
181 to 365 days	**1,042**	192
Over 365 days	**619**	1,168
	79,304	75,372

14(b) Provision for litigation and claim

In January 2021, a customer of Hangzhou Haina submitted an application for civil case proceedings (the "**Litigation**") at Hangzhou City Lin'an District People's Court (the "**Hangzhou Court**") for claiming approximately RMB2,000,000 from Hangzhou Haina since two machines of disposable medical face mask purchased from Hangzhou Haina in 2020 did not satisfy the quality requirements under the duly signed sales contract (the "**Claim**"). The Group's bank balance of approximately RMB2,046,000 has been frozen by the order of the Hangzhou Court for the Litigation in February 2021. With reference to the legal opinion of the Group's PRC lawyers, the directors of the Company are of the opinion that an outflow of economic benefits will be required and therefore provision for the Claim of approximately RMB2,000,000 was provided in profit or loss for the year ended 31 December 2020. Up to the date of this announcement, there is no further update for the Litigation.

15. INTEREST-BEARING BORROWINGS

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unsecured		
Bank revolving loan *(Note)*	**19,535**	—
Denominated in:		
HK$	**19,535**	—

Note:

The revolving bank loan carries floating interest rate at 1-month Hong Kong Inter-bank Offered Rate plus 2.2% per annum and is repayable in June 2022.

The banking facilities are subject to the fulfillment of covenants relating to certain of the Company's ratios based on its statement of financial position, as are commonly found in lending arrangements with financial institutions. If the Company was to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Company's term 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 Company has 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 Company continues to meet these requirements.

16. SHARE CAPITAL

Ordinary share of HK$0.01 each	*Note*	**Number of shares**	*HK$*	*Equivalent to RMB'000*
Authorised:				
At 1 January 2020 (audited)		38,000,000	380,000	203
Increase on 8 May 2020	*i*	1,962,000,000	19,620,000	10,492
At 31 December 2020, 1 January 2021 (audited) and 30 June 2021 (unaudited)		2,000,000,000	20,000,000	10,695
Issued and fully paid:				
At 1 January 2020 (audited)		10	0.10	—*
Issue of shares under the Capitalisation Issue	*ii*	347,999,990	3,479,999.90	3,195
Issue of shares under the Share Offer (including the partial exercise of the over-allotment option)	*iii*	122,004,000	1,220,040.00	1,120
At 31 December 2020 and 1 January 2021 (audited)		470,004,000	4,700,040.00	4,315
Issue of shares upon the Placing	*v*	93,972,000	939,720.00	773
At 30 June 2021 (unaudited)		**563,976,000**	**5,639,760.00**	**5,088**

* *Represents amounts less than RMB1,000.*

Notes:

(i) On 8 May 2020, the authorised share capital of our Company was increased from HK$380,000.00 (equivalent to RMB203,000) divided into 38,000,000 Shares of par value HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of par value HK$0.01 each, by the creation of additional 1,962,000,000 Shares.

(ii) Pursuant to the resolution in writing of the then sole shareholder of the Company passed on 8 May 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 347,999,990 shares of HK$0.01 each to the then sole shareholder, credited as fully paid at par by way of capitalisation of the sum of HK$3,479,999.90 (equivalent to approximately RMB3,195,000) standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 3 June 2020.

(iii) On 3 June 2020, the shares of the Company were listed on the Main Board of the Stock Exchange and 116,000,000 ordinary shares with par value of HK$0.01 each of the Company were issued at a price of HK$1.38 per share by way of share offer (the "**Share Offer**"). The gross proceeds from the Share Offer amounted to HK$160,080,000 (equivalent to approximately RMB146,957,000).

On 24 June 2020, 6,004,000 ordinary shares with par value of HK$0.01 each of the Company were issued at a price of HK$1.38 per share upon partial exercise of the over-allotment option (the "**Over-allotment**"). The gross proceeds from the Over-allotment amounted to HK$8,286,000 (equivalent to approximately RMB7,607,000).

(iv) The expenses attributable to issue of shares under the Share Offer and the Over-allotment of approximately RMB29,153,000 have been recognised in the share premium account within equity of the Company.

(v) On 9 June 2021, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best efforts basis, up to an aggregate of 94,000,800 placing shares at a placing price of HK$0.89 per placing share to not less than six placees who are individual, corporate, institutional investor or other investors that are third parties independent of the Company and its connected persons (the "**Placing**"). The Placing was completed on 30 June 2021 and total of 93,972,000 placing shares have successfully been placed. The net proceeds of approximately HK$82,791,000 (equivalent to approximately RMB68,666,000) after deducting direct cost of approximately HK$844,000 (equivalent to approximately RMB695,000), of which approximately HK$940,000 (equivalent to approximately RMB773,000) was credited to the Company's equity under share capital and the remaining balance of approximately HK$81,851,000 (equivalent to approximately RMB67,893,000) was credited to the Company's equity under share premium. The Placing shares rank pari passu with all existing shares in all respects.

17. SHARE-BASED PAYMENTS

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

	Number of outstanding share options
At 1 January 2021 (Audited)	—
Granted during the period	14,000,000
At 30 June 2021 (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 share option 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	46.416%
Risk-free interest rate	1.099%
Expected dividend yield	6.091%

During the six months ended 30 June 2021, with reference to the fair value of the share options granted, the Group recognised approximately RMB144,000 as equity-settled share-based payment expenses. None of the share options was exercised.

There was no outstanding share options as at 30 June 2020.

18. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the Interim Financial Statements, the Group has the following subsequent events:

(a) On 28 July 2021, the Group entered into a share subscription agreement to subscribe 3,960 shares or 19.8% equity interest of a Hong Kong-incorporated company, which is an automated production and logistics technology solutions provider, at a cash consideration of HK$19.8 million. The Group may cooperate with this investee for its automated production and the construction of a "Digital Factory" in Hangzhou Production Base.

(b) In August 2021, a customer of Hangzhou Haina submitted an application for civil case proceedings at Hangzhou City Yuhang District People's Court for claiming approximately RMB3,485,000 from Hangzhou Haina since the machine of disposable medical face mask purchased from Hangzhou Haina in 2020 did not satisfy the quality requirements under the duly signed sales contract. Based on the legal opinion of the Group's PRC lawyers, the directors of the Company are of the opinion that it is unlikely to have an outflow of economic benefits in respect of this claim and therefore no provision for the claims was considered in the Interim Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Haina Intelligent Equipment International Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") 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, medical disposable face masks and underpads in the PRC.

In the first half of 2021, despite the situation where the COVID-19 epidemic has not receded, the PRC market development demonstrated a momentum of consolidation and improvement in stability given a continual and stable recovery of the PRC economy. By upholding the development concept of providing comprehensive services to customers, the Group conducted product designs for customers and customised products on an as-needed basis, exercised strict control over quality, and provided customers with installation services and after-sales services upon delivery of products, striving to achieve the sound development of the Company and promote a continual improvement in its results and profit.

By capturing opportunities and leveraging on strengths in professional production and manufacturing, independent research and development, etc., the management of the Company continued to conduct product upgrading and innovation, and developed new products and/or improved product quality, in order to meet customers' needs for equipment, enhance customers' recognition of the Company's products, further strengthen and consolidate its brand power, and achieve a broader marker coverage of products, and deepen the penetration of products. As at 30 June 2021, the Group owned 139 patents in the PRC.

During the six months ended 30 June 2021 (the "**Period**"), 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 52,000 sq.m. As at 30 June 2021, 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 mainly involved in the assembly of components and parts that are used for the production of the Group's products. The Group mainly procured the components and parts for its products from third party sources.

For the Period, the Group recorded a total revenue of approximately RMB201.2 million, with a total number of 32 units of machines sold. The Group's customers are mainly located in the PRC, and the Group also sold its products to other 8 overseas countries during the Period. The unaudited net profit after tax for the Period of the Group was approximately RMB17.7 million, representing a decrease of approximately 45.3% for the six months ended 30 June 2020 (the "**Prior Period**").

Outlook

The Group strives to maintain its position as one of the top disposable hygiene product machinery providers in the PRC by strengthening research and development capabilities, increasing the competitiveness of products, increasing production capacity of production bases and deepening its penetration in the PRC and overseas markets. The Group intends to implement the following strategies and expansion plans to capitalise on its strengths so as to enhance its business prospects and financial performance.

1. Strengthening research and development capabilities

The Group intends to acquire a suitable site to set up a dedicated research and development centre in Jinjiang, Fujian Province, the PRC, and moves the current research and development activities to the research and development centre. As a site dedicated to nurturing designs amid new machine developments of the Group, the centre will serve the developments of products under the brand of "Haina Machinery". The establishment of the centre will not only guarantee the Group with a better monitoring of its key product developments, but also shorten the preparation period for developing customised products, thus accelerating the pace of new product developments.

In addition to setting up the research and development centre, the Group is planning to strengthen its research and development capabilities by conducting additional research and development activities through applying new technologies such as precision manufacturing and enhanced automation to improve the efficiency of existing products. During the Period, the Group incurred research and development expenses of approximately RMB14.7 million which were funded by the Group's internal resources.

2. Increasing the competitiveness of products through acquisitions

In order to accomplish the vision of providing comprehensive solutions for customers, the Group has been planning for its acquisition of a company which engages in the development, design and manufacture of automatic packaging equipment. Such integration is expected to establish more competitive advantages for the Group while giving it a higher level of flexibility in production. On 16 March 2021, the Group completed its acquisition of the remaining 49% equity interests in Hangzhou Haina Machinery Co., Ltd. ("**Hangzhou Haina**"), upon which, Hangzhou Haina has become an indirect wholly-owned subsidiary of the Group.

3. Increasing production capacity of production bases

With a continuous expansion of its business and a continual increase in sales orders, the Group intends to invest in digital plants to further expand its production capacity and meet its production efficiency, precision and quality, thereby satisfying customers' sales orders in a timely manner.

4. ***Deepening the Group's penetration in the PRC and overseas markets***

Despite the fact that the COVID-19 epidemic has not completely receded overseas, the economy in the PRC, which is the home market of the Group, continues to recover at a steady pace. With the continuous expansion of downstream market and regular upgrade and replacement of machinery, the demand for disposable hygiene product machinery in the PRC and overseas markets, including Southeast Asia, India, Pakistan and South Africa, are expected to recover from 2021.

The sales value of disposable hygiene product machinery in the PRC is estimated to increase at a rate of approximately 6.5% per year during 2020 to 2024, and to reach approximately RMB12.0 billion in 2024. As such, the Group will continue its work in intensively cultivating the PRC market, expand its efforts on market development, and maintain overseas markets, with a view to continuously solidifying its leading position in the industry.

5. ***Creating a 5G + Industrial Internet Digital Empowerment Platform for the Health Products Industry***

The Group intends to cooperate with China Telecom Fujian to develop the "5G + Industrial Internet Digital Empowerment Platform for the Health Products Industry". The application of 5G on the equipment operation and maintenance management platform will fuel the Group's transition towards "Manufacture + Serve". The creation of the "5G + Industrial Internet Digital Empowerment Platform for the Health Products Industry" will further empower Haina Intelligent's soft power improvement and better services in the overseas markets, while empowering the health products industry to move forward.

Haina Intelligent today delivers people-oriented techs and pioneering ideas as a leader in the industry. By insisting on continuous innovation and thinking from a customer perspective, the Group will keep impressing our users with exquisite products and discreet services which are the fruits of our craftsmanship, winning us recognition and respect in the industry.

Financial Review

Revenue

By type of products:

	Six months ended at 30 June					
	2021			2020		
	Units	***RMB'000***	**%**	*Units*	*RMB'000*	*%*
		(Unaudited)			(Unaudited)	
Baby diaper machines	**16**	**104,232**	**52**	7	44,832	22
Adult diaper machines	**8**	**61,814**	**31**	2	11,212	5
Lady sanitary napkin machines	**6**	**22,063**	**11**	—	—	—
Underpad machines	**2**	**3,516**	**2**	—	—	—
Medical disposable face mask machines	**—**	**—**	**—**	201	144,734	70
Components and parts	**N/A**	**9,603**	**4**	N/A	7,095	3
Total	**32**	**201,228**	**100**	210	207,873	100

During the Period, the Group's revenue decreased by approximately RMB6.6 million (or 3.2%) to approximately RMB201.2 million for the Period as compared to approximately RMB207.9 million for the Prior Period. This was mainly due to the decrease in the sales of medical disposable face mask machines by approximately RMB144.7 million. The decrease was partially offset by the increase in sales of baby diaper machines (approximately RMB59.4 million), adult diaper machines (approximately RMB50.6 million), lady sanitary napkin machines (approximately RMB22.1 million), underpad machines (approximately RMB3.5 million), and components and parts (approximately RMB2.5 million).

The decrease in sales of medical disposable face mask machines was mainly due to a decrease in demand of medical disposable face mask machines and no medical disposable face mask machines sold by the Group for the Period as compared with 201 units of medical disposable face mask machines sold for the Prior Period, which was primarily attributable to a return of normalcy in the PRC after the effects of the coronavirus disease subsided.

As at 30 June 2021, the Group has entered into sales contracts with its customers for the sales and purchase of 38, 17, 12 and 1 units of baby diaper machines, adult diaper machines, lady sanitary napkin machines and underpad machines with aggregate contract values of approximately RMB239.5 million, RMB164.7 million, RMB43.9 million and RMB2.2 million, respectively. Subsequent to 30 June 2021, the Group further entered into sales contracts with its customers for the sales and purchase of 1 unit of adult diaper machine, with aggregate contract value of approximately RMB10.1 million. The machines under these contracts are expected to be delivered during the second half of 2021 or the first half of 2022.

Gross profit and gross margin

The gross profit for the Period decreased by approximately RMB33.0 million as compared to the Prior Period of approximately RMB78.8 million. The gross profit margin decreased by approximately 15.1% to approximately 22.8% for the Period (Prior Period: approximately 37.9%). The decreases in both gross profit and gross profit margin were mainly due to no medical disposable face mask machines sold by the Group for the Period, which commanded a higher gross profit margin.

Other income

The other income mainly comprised government grants, bank interest income, bond interest income and income from the sale of scrap materials. The government grants mainly represented the government grants received from government authorities of Fujian Province such as Jinjiang Finance Bureau, Jinjiang Bureau of Economy and Information Technology and Quanzhou Municipal People's Government, the entitlements of which 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.

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 slightly increased by approximately RMB0.1 million or 2.3%, from approximately RMB5.5 million for the Prior Period to approximately RMB5.6 million for the Period. The increase in selling and distribution costs was mainly due to the Group participated in the sanitary paper industry exhibition in early 2021 for promotion of its products.

Administrative and other operating expenses

The administrative and other operating expenses mainly comprised research and development expenses, staff costs, depreciation, amortisation and donation. The administrative and other operating expenses increased from approximately RMB20.6 million for the Prior Period by approximately RMB7.7 million or 37.4% to approximately RMB28.3 million for the Period. The increase in administrative and other operating expenses was mainly due to increase in research and development expenses by approximately RMB5.4 million, professional fees by approximately RMB2.2 million which related to acquisition of Hangzhou Haina, grant of share options and employment of placing agent, and increase in staff costs by approximately RMB2.3 million. Such increase was offset by a decrease in donation to charitable organisations, from approximately RMB2.4 million for the Prior Period by approximately RMB1.4 million to approximately RMB1.0 million for the Period.

Finance costs

For the Period, finance costs was approximately RMB0.6 million, which decreased by approximately 6.0% as compared with the Prior Period (approximately RMB0.7 million). The decrease was mainly due to a decrease in finance charges on lease liabilities for right-of-use assets in respect of the Group's leased properties.

Income tax expenses

For the Period, income tax expenses were approximately RMB2.2 million, which decreased by approximately 76.1% as compared with the Prior Period (approximately RMB9.2 million). The decrease was mainly due to the decrease in profits of the Group's operating subsidiaries in the PRC for the Period and also no withholding tax on declaration of dividend from subsidiaries for the Period.

Profit attributable to owners of the company

For the Period, the Company's profit attributable to owners of the Company were approximately RMB18.3 million (Prior Period: approximately RMB24.6 million). The decrease in profit attributable to owners of the Company was mainly due to the decrease in revenue and gross profit as discussed above.

Interim dividend

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

Use of proceeds

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 June 2020 (the "**Listing Date**") 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 aggregate nominal value of the said offer shares 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 30 June 2021.

	Net proceeds allocation *RMB million*	**Utilised net proceeds up to 30 June 2021** *RMB million*	**Unutilised net proceeds up to 30 June 2021** *RMB million*	**Amount to be applied in the first 12 months upon listing disclosed in the Prospectus** *RMB million*	**Time frame for utilisation**
Setting up the research and development centre *(Note 1)*	24.1	—	24.1	19.4	Within 2 years from the Listing Date
Strengthening our research and development capabilities	22.9	11.6	11.3	15.6	Within 2 years from the Listing Date
Increasing production capacity	16.8	2.3	14.5	10.1	Within 3 years from the Listing Date
Increasing our competitiveness through acquisitions	43.5	—	43.5	—	Within 2 years from the Listing Date
Working capital and general corporate purposes	12.2	1.3	10.9	1.8	Within 2 years from the Listing Date
	119.5	15.2	104.3	46.9	

As at 30 June 2021, unutilised proceeds of approximately RMB104.3 million were deposited in licensed banks in Hong Kong and the PRC.

Note:

(1) The progress of the use of proceeds has been slowed down on setting up the research and development centre due to the Company is still looking for suitable site to set up a dedicated research and development centre.

Proceeds from the placing of shares

On 30 June 2021, the Company issued 93,972,000 ordinary shares (the "**Placing Shares**") at an issue price of HK$0.89 per share pursuant to the placing agreement entered into by the Company on 9 June 2021. As a result, the Company received a net proceeds of approximately HK$82.8 million (equivalent to approximately RMB68.7 million) after deduction of the placing commission and other related expenses. Such proceeds will be used for acquisition of a land parcel to expand the production capacity of the Hangzhou production base and as general working capital of the Group. As at the date of this announcement, such net proceeds have not been used.

Liquidity and financial resources

During the Period, the Group's working capital was mainly financed by internal resources. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 2.0 times as at 30 June 2021 (31 December 2020: approximately 2.0 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 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 2021, the capital structure of the Group consisted of equity of approximately RMB333.9 million (31 December 2020: approximately RMB280.0 million) and bank borrowings of approximately RMB19.5 million (31 December 2020: Nil) as more particularly described in the paragraph headed "Borrowings" below.

Borrowings

As at 30 June 2021, the Group had bank loan of approximately RMB19.5 million (31 December 2020: Nil).

The bank loan is repayable within 1 year so was classified as current liabilities as at 30 June 2021.

The bank loan bears floating interest rate at 1-month Hong Kong Inter-bank Offered Rate plus 2.2% per annum.

Gearing ratio

The Group's gearing ratio, which is calculated based on the total interest-bearing liabilities divided by the total equity (defined as the sum of bank loans and lease liabilities as at the respective year end divided by total equity as at the respective period end) was approximately 12.8% as at 30 June 2021 (31 December 2020: approximately 8.9%).

Capital commitment and contingent liabilities

Save as disclosed in note 18(b) to the unaudited condensed consolidated financial statements, the Group had no material capital commitment or contingent liabilities as at 30 June 2021.

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.

Human resources

The Group has employed a total of approximately 413 employees as at 30 June 2021 (30 June 2020: approximately 389 employees) in Hong Kong and the PRC. Staff costs (including Directors' emoluments) amounted to approximately RMB21.0 million for the Period (Prior Period: approximately RMB18.2 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 and share option scheme 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

No assets of the Group were charged or pledged as at 30 June 2021.

Significant investments and material acquisitions and disposals

The Group made the following investment and acquisition of further equity interest in a subsidiary during the Period:

(a) On 24 January 2021, the Company and 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 bonds in the principal amount of HK$40,000,000 with the interest rate of 6% per annum (the "**Bonds**") at the subscription price of HK$40,000,000 (the "**Subscription**"). On 26 January 2021, the Subscription was completed.

    Details of above are set out in the Company's announcements dated 25 January 2021 and 26 January 2021.

(b) On 1 March 2021, Jinjiang Haina Machinery Company Limited ("**Jinjiang Haina**"), a wholly-owned subsidiary of the Company and Mr. Xu Yuanquan and Mr. Xu Shuwei (the "**Vendors**") who have 49% equity interest in Hangzhou Haina Machinery Company Limited ("**Hangzhou Haina**") entered into an equity transfer agreement, pursuant to which the Vendors conditionally agreed to sell and Jinjiang Haina conditionally agreed to purchase 49% of the equity interest in Hangzhou Haina, at an aggregate consideration of RMB12,800,000 (the "**Acquisition**"). The Acquisition constituted a discloseable and exempted connected transaction under the Listing Rules. The Acquisition was completed on 16 March 2021 and Hangzhou Haina became an indirect wholly owned subsidiary of the Company.

    Details of the Acquisition are set out in the Company's announcements dated 1 March 2021 and 16 March 2021.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and the announcements of the Company published on 24 June 2021 and 30 June 2021 respectively related to the acquisition of land parcel for construction of a "Digital Factory" for the expansion of production capacity of Hangzhou Production Base, the Group currently has no future plans for material investments or capital assets sanctioned by the Board.

Events 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 ("**CG Code**") as set out in the Corporate Governance Code as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange during the Period.

Pursuant to code provision A.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 10 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 Mr. Ng Tat Fung and one non-executive Director, namely Mr. Chang Chi Hsung. The chairman of the Audit Committee is Mr. Ng Tat Fung, 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

Save for the issue of the Placing Shares under general mandate, details of which are set out in the announcements of the Company dated 9 June 2021 and 30 June 2021, 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 2021 interim report of the Company 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, 24 August 2021

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