

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Haina Intelligent Equipment International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 20 May 2020 (the “**Prospectus**”) in relation to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Global Offering**”); and (ii) the announcement of the Company dated 30 June 2022 (the “**Announcement**”) in relation to the acquisition of land use rights in Jinjiang City, Fujian Province, the PRC. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The net proceeds from the Global Offering, after deduction of the underwriting fees and commissions and estimated expenses in relation to the Global Offering, were approximately RMB119.5 million (the “**Net Proceeds**”). As at the date of this announcement, the Company had utilised approximately RMB73.2 million of the Net Proceeds and the amount of the unutilised Net Proceeds was approximately RMB46.3 million (the “**Unutilised Net Proceeds**”).

For reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” of this announcement, the Board has resolved to change the use of the Net Proceeds as follows: the Unutilised Net Proceeds, which were originally allocated for the use as set out in the paragraph headed “Use of Proceeds Disclosed in the Prospectus” of this announcement, will be re-allocated to the setting up of the new research and development centre (the “**R&D Centre**”), the new manufacturing workshop and other office buildings in Jinjiang.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS

With reference to the section headed “Future Plans and Use of Proceeds” in the Prospectus, the details of the utilisation of the Net Proceeds in the revised manner is set out as follows:

Use of proceeds	Original		Utilised	Unutilised	Original	New planned	% of the	New expected timeline
	planned		Net Proceeds	Net Proceeds				
	use of the		up to	up to	for utilising	Unutilised Net	Net	
	Net Proceeds	% of	the date of this	the date of this	the remaining	Proceeds	Proceeds	for the Unutilised
	(in RMB	the Net	announcement	announcement	Net Proceeds	(in RMB	Proceeds	Net Proceeds
	million)	Proceeds	(in RMB	(in RMB		million)		
			million)	million)				
Setting up a new research and development centre in Jinjiang	24.1	20.2	23.0	1.1	Prior to 31 December 2023	24.1	52.1	Prior to 31 December 2025
Strengthening our research and development capabilities	22.9	19.2	20.0	2.9	Prior to 31 December 2023	–	–	
Increasing our production capacity	16.8	14.0	8.0	8.8	Prior to 31 December 2024	–	–	
Increasing the competitiveness of our products through acquisitions	43.5	36.4	16.5	27.0	Prior to 31 December 2024	–	–	
Working capital and general corporate purposes	12.2	10.2	5.6	6.6	Prior to 31 December 2024	–	–	
Setting up a new manufacturing workshop and other office buildings in Jinjiang	–	–	–	–		22.2	47.9	Prior to 31 December 2025
	<u>119.5</u>	<u>100.0</u>	<u>73.2</u>	<u>46.3</u>		<u>46.3</u>	<u>100.0</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group makes full efforts in research and development, acquisition, technical support, market expansion and other fields to provide customers with all-round, guaranteed and satisfactory services, thus maintaining its position as one of the top suppliers of disposable sanitary products and machinery in the PRC.

As disclosed in the Announcement, the Company intends to use the Land Parcel to build the R&D Centre, which can provide development services for the products and shorten the transportation time for disassembling and re-assembling of raw materials during the Group's production process and facilitate staff deployment. In addition, the implementation of the R&D Centre will help the Group to better monitor the development of key products, shorten the preparation time for developing customized products, and further improve the research and development efficiency of new products.

In addition, the Company has successfully applied for changes in project planning conditions in the Land Parcel. On 30 March 2023, the Bureau issued a letter to the Company that the permitted plot ratio was allowed to be increased from between 1.0 and 1.6 to 1.1 and 2.5, with more spaces granted for the development of the Land Parcel. And the Company plans to use the extra spaces for the construction of a new manufacturing workshop and other office buildings on the Land Parcel (the "Expansion"). The Company considers the Expansion will efficiently increase the production capacity of the Group which could cater for additional demand should any opportunities arise.

Having assessed the cost of the R&D Centre and the Expansion, the preliminary work will need more capital investment. The Group considers the abovementioned projects are necessary to increase its cash allocation for the purpose of operating the R&D Centre, the new manufacturing workshop and other office buildings.

The Board considers that the change in the use of Net Proceeds is in line with the actual situation and needs of operation and development of the Company and is in the best interest of the Group and the Shareholders as a whole and it will not have a material adverse effect on the existing business operations of the Group. The Board also confirms that there is no material change in the business nature of the Group as set out in the Prospectus.

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

Hong Kong, 28 April 2023

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