

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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Financial Adviser to the Company



建泉融資有限公司

VBG Capital Limited

INTRODUCTION

Reference is made to the prospectus of the Company dated 20 May 2020 and the announcements of the Company dated 30 September 2021, 8 October 2021 and 9 December 2022 in relation to the continuing connected transactions entered into between Jinjiang Haina and Hengqin Machinery. As the 2023 Hengqin Purchase Agreement expired on 31 December 2023, Jinjiang Haina entered into the 2024 Hengqin Purchase Agreement on 17 January 2024 (after trading hours) to renew the agreement and the annual caps.

LISTING RULES IMPLICATIONS

Hengqin Machinery is a limited company established in the PRC and is wholly-owned by three cousins of Mr. Su, being Mr. Su Chengqin, Mr. Su Chenggou and Mr. Su Chengqiao. As Mr. Su is an executive Director and a controlling Shareholder, Hengqin Machinery is considered a deemed connected person of the Company and the transactions contemplated under the 2024 Hengqin Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the 2024 Hengqin Purchase Agreement is over 0.1% but less than 5%, the transactions contemplated under the 2024 Hengqin Purchase Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Hengqin Machinery is wholly-owned by Mr. Su Chengqin, Mr. Su Chenggou and Mr. Su Chengqiao, all of them are relatives of Mr. Su, Mr. Su is considered to be materially interested in the renewal of the annual caps under the 2024 Hengqin Purchase Agreement and has therefore abstained from voting on the Board resolution approving the renewal of the annual caps under the 2024 Hengqin Purchase Agreement and the transactions thereunder.

I. INTRODUCTION

Reference is made to the prospectus of the Company dated 20 May 2020 and the announcements of the Company dated 30 September 2021, 8 October 2021 and 9 December 2022 in relation to the continuing connected transactions entered into between Jinjiang Haina and Hengqin Machinery. As the 2023 Hengqin Purchase Agreement expired on 31 December 2023, Jinjiang Haina entered into the 2024 Hengqin Purchase Agreement on 17 January 2024 (after trading hours) to renew the agreement and the annual caps.

II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE 2024 HENGQIN PURCHASE AGREEMENT

2024 Hengqin Purchase Agreement

The principal terms and conditions of the 2024 Hengqin Purchase Agreement are summarized as below:

Parties	:	Jinjiang Haina; and Hengqin Machinery
Date	:	17 January 2024 (after trading hours)
Term	:	From 17 January 2024 to 31 December 2026
Subject matter	:	The Group may, from time to time, purchase Machine Parts from Hengqin Machinery for its own use in manufacturing.
Pricing basis	:	The prices are determined by the following factors, including but not limited to, (i) the terms are determined on normal commercial terms after arm's length negotiation by the parties; (ii) the terms shall be no less favourable than the terms offered by Independent Third Parties; and (iii) the price should be no less favourable than the prevailing market price. Before entering into the separate agreement, the Group may request Hengqin Machinery to provide detailed quotations to consider whether to accept the terms or quotations by Hengqin Machinery.
Payment terms	:	The Group and Hengqin Machinery shall reconcile the amount of the purchase costs of Machine Parts, and the Group shall settle the accounts within 90 days after the reconciliation.

Historical annual caps and transaction amounts

The historical annual caps and transaction amounts in respect of purchase of Machine Parts from Hengqin Machinery for each of the three years ended 31 December 2023 are set out below:

	For the year ended 31 December 2021 <i>(RMB million)</i>	For the year ended 31 December 2022 <i>(RMB million)</i>	For the year ended 31 December 2023 <i>(RMB million)</i>
Historical annual cap	15.0	9.1	10.0
Historical transaction amount	10.5	6.2	7.8

Proposed annual caps under the 2024 Hengqin Purchase Agreement

The proposed annual cap for the Machines Parts to be purchased from Hengqin Machinery for the period from 17 January 2024 to 31 December 2024 and each of the two years ending 31 December 2026 are as follows:

	For the period from 17 January 2024 to 31 December 2024* <i>(RMB million)</i>	For the year ending 31 December 2025 <i>(RMB million)</i>	For the year ending 31 December 2026 <i>(RMB million)</i>
Proposed annual cap	10.0	10.0	10.0

* *The Company confirms that there was no purchase of Machine Parts by the Group from Hengqin Machinery during the period from 1 January 2024 to 16 January 2024.*

Basis of determination of the proposed annual caps

The proposed annual caps were determined with reference to the following factors:

- (1) the historical transaction amount of Machine Parts costs paid by Jinjiang Haina to Hengqin Machinery for the three years ended 31 December 2021, 2022 and 2023; and
- (2) the expected demand of the transactions contemplated under the 2024 Hengqin Purchase Agreement for the period from 17 January 2024 to 31 December 2024 and the two years ending 31 December 2025 and 2026.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 HENGQIN PURCHASE AGREEMENT

The entering into of the 2024 Hengqin Purchase Agreement and the transactions contemplated thereunder and the annual caps form part of the ordinary business of the Group. It will ensure the smooth operation of the Group's daily operational needs. The Group will only place purchase orders with Hengqin Machinery if the terms offered by Hengqin Machinery are the same or more favourable than those offered by independent suppliers. In light of the above, the Group plans to continue sourcing quality Machine Parts from Hengqin Machinery.

Given that the terms of purchase orders for Machine Parts to be placed by the Group with Hengqin Machinery will be on normal commercial terms and on an arm's length basis, the Board (including the independent non-executive Directors) are of the view that the terms of the 2024 Hengqin Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. INFORMATION ON THE PARTIES

The Group is principally engaged in the design and production of automated machines for disposable hygiene products in the PRC.

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

Hengqin Machinery is a limited company established in the PRC and wholly-owned by three cousins of Mr. Su, being Mr. Su Chengqin, Mr. Su Chenggou and Mr. Su Chengqiao. It is principally engaged in the manufacturing of machinery accessories for the production of paper products and for textile machinery.

V. LISTING RULES IMPLICATIONS

Hengqin Machinery is a limited company established in the PRC and is wholly-owned by three cousins of Mr. Su, being Mr. Su Chengqin, Mr. Su Chenggou and Mr. Su Chengqiao. As Mr. Su is an executive Director and a controlling Shareholder, Hengqin Machinery is considered a deemed connected person of the Company and the transactions contemplated under the 2024 Hengqin Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the 2024 Hengqin Purchase Agreement is over 0.1% but less than 5%, the transactions contemplated under the 2024 Hengqin Purchase Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Hengqin Machinery is wholly-owned by Mr. Su Chengqin, Mr. Su Chenggou and Mr. Su Chengqiao, all of them are relatives of Mr. Su, Mr. Su is considered to be materially interested in the renewal of the annual caps under the 2024 Hengqin Purchase Agreement and has therefore abstained from voting on the Board resolution approving the renewal of the annual caps under the 2024 Hengqin Purchase Agreement and the transactions thereunder.

VI. DEFINITIONS

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

“2023 Hengqin Purchase Agreement”	the framework agreement dated 9 December 2022 entered into between Jinjiang Haina and Hengqin Machinery
“2024 Hengqin Purchase Agreement”	the framework agreement dated 17 January 2024 entered into between Jinjiang Haina and Hengqin Machinery
“Board”	the board of Directors
“Company”	Haina Intelligent Equipment International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1645)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengqin Machinery”	Jinjiang City Hengqin Machinery Industry and Trade Company Limited (晉江市恒勤機械工貿有限公司), a limited company established in the PRC and is wholly-owned by three cousins of Mr. Su

“Independent Third Parties”	third parties independent of the Company and its connected persons
“Jinjiang Haina”	Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machine Parts”	machine parts including but not limited to boards, wheels, shafts, covers, connectors, supports, fixing and tools
“Mr. Su”	Mr. Su Chengya, an executive Director and a controlling Shareholder
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 17 January 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, namely Mr. Chang Chi Hsung and three independent non-executive Directors, namely Mr. Chan Ming Kit, Dr. Wang Fengxiang and Ms. Chan Man Yi.