

TARGET

Intelligence Report

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T U E S D A Y

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HAINA INTELLIGENT EQUIPMENT INTERNATIONAL HOLDINGS LTD:

THIS COMPANY APPEARS TO HAVE BEEN A WINNER,

BUT WILL IT CONTINUE TO BE SO ?

For a company in the business of designing and producing automated machines for the manufacture of hygiene products, such as babies' diapers, adult diapers and ladies' sanitary napkins, with a history of just nine years, one has to admire that which has been accomplished by just four gentlemen of the **People's Republic of China (PRC)**.

In the past four Financial Years, ended December 31, 2019, this company has seen its Revenues rise about 234.56 percent, while its Net Profit Attributable to Shareholders shot up about 206 percent.

The company, to which **TARGET** () is referring in the above two paragraphs, is Haina Intelligent Equipment International Holdings Ltd () (Code: 1645, Main Board, The Stock Exchange of Hongkong Ltd).

And, in respect of the above-mentioned four gentlemen of the PRC, they were the brains behind the establishment of this Company that appears, on paper, at least, to be a success story.

The Initial Public Offering (IPO) Of

Haina Intelligent Equipment International Holdings Ltd

Haina Intelligent Equipment International Holdings Ltd published and disseminated its **Initial Public Offering (IPO)** in the **Hongkong Special Administrative Region (HKSAR)** of the PRC on Wednesday, May 20, 2020.

The Company sought to sell 116 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.08 to a high of \$HK1.50.

In a Public Offer Shares tranche, HKSAR Investors were offered the opportunity to subscribe to 11.60 million Offer Shares while International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors’ corporate entities in which equity control was vested – were induced to make applications for the remaining 104.40 million Offer Shares via Share Placements (the Placing Offer Shares tranche).

On Tuesday, June 2, 2020, Management announced that the Offer Price Per Share had been struck at \$HK1.38 and that it was anticipated that the Company would be enriched by about \$HK121.60 million from the Share Offer.

With regard to the Public Offer Shares tranche, one was informed that it had *‘been very significantly over-subscribed’*.

Management, in its Announcement of the Offer Price and the Allotment Results, stated that it had received a total of 37,258 valid applications for 1,952,112,000 Offer Shares, representing about 168.29 times the total number of 11.60 million Offer Shares, initially available in this Shares tranche.

As for the Placing Offer Shares tranche, this Announcement stated that it had been *‘slightly over-subscribed’*, representing approximately 1.90 times the 104.40 million Placing Shares, initially available in this Offer Shares tranche.

At Pages Eight and Nine of this June 2, 2020, Announcement, one was told as to how Management presently intended to utilise the net Proceeds of the Share Offer:

- ‘(i) *approximately 21.6%, or HK\$26.2 million (equivalent to approximately RMB23.4 million), will be used for setting up a new research and development centre in Jinjiang, the PRC (the “R&D Centre”), allocated as below:*

(a) *approximately 2.1%, or HK\$2.5 million (equivalent to approximately RMB2.2 million), will be used for paying the deposit for acquiring a suitable site for the R&D Centre;*

(b) *approximately 8.2%, or HK\$10.0 million (equivalent to approximately RMB8.9 million), will be used for paying the remaining balance for acquiring the site for the R&D Centre; and*

(c) *approximately 11.3%, or HK\$13.7 million (equivalent to approximately RMB12.3 million), will be used to fund the construction of the R&D Centre;*

‘(ii) *approximately 20.6%, or HK\$25.0 million (equivalent to approximately RMB22.4 million), will be used for strengthening our research and development capabilities, in particular, developing a new product and increasing the efficiency of our existing products such as production speed, allocated as below:*

(a) *approximately 9.5%, or HK\$11.5 million (equivalent to approximately RMB10.4 million), will be used for research and development on adult diaper machines;*

(b) *approximately 6.7%, or HK\$8.2 million (equivalent to approximately RMB7.3 million), will be used for research and development on adult pull-up diaper machines; and*

(c) *approximately 4.4%, or HK\$5.3 million (equivalent to approximately RMB4.7 million), will be used for research and development on underpad machines;*

‘(iii) *approximately 15.0%, or HK\$18.3 million (equivalent to approximately RMB16.4 million), will be used for increasing our production capacity, allocated as below:*

(a) *approximately 3.9%, or HK\$4.8 million (equivalent to approximately RMB4.3 million), will be used for expanding the production capacity of our Jinjiang Production Base by leasing additional production premises with a floor area of approximately 10,000 sq.m. in Jinjiang (the “New Production Base”);*

(b) *approximately 4.5%, or HK\$5.5 million (equivalent to approximately RMB4.9 million), will be used for acquiring machineries and equipment for production in order to accommodate the expansion of our production capacity in the New Production Base;*

- (c) *approximately 2.4%, or HK\$2.9 million (equivalent to approximately RMB2.6 million), will be used for new recruitment and providing training for employees to operate the new machineries and equipment in the New Production Base; and*
 - (d) *approximately 4.2%, or HK\$5.1 million (equivalent to approximately RMB4.6 million), will be used for other expenses such as renovation and utility expenses to be incurred for the operation of the New Production Base;*
- (iv) *approximately 38.9%, or HK\$47.3 million (equivalent to approximately RMB42.4 million), will be used for acquisitions in order to increase the competitiveness of our products through acquisitions, allocated as below:*
 - (a) *approximately 19.5% or HK\$23.7 million (equivalent to approximately RMB21.3 million) will be used for acquiring a company which is engaged in the high-end precision automation equipment development, with related experience, skills and technology in the production of disposable hygiene product machines;*
 - (b) *approximately 19.4% or HK\$23.6 million (equivalent to approximately RMB21.1 million) will be used for acquiring a company which is engaged in the development, design and manufacture of automatic packaging equipment, with related experience, skills and technology in the production of disposable hygiene product machines;’ and,*
- ‘(iv) *approximately 3.9%, or HK\$4.8 million (equivalent to approximately RMB4.3 million), will be used for our working capital and general corporate purposes.’*

The History And Business Of

Haina Intelligent Equipment International Holdings Ltd

Haina Intelligent Equipment International Holdings Ltd was ... [CLICK TO ORDER FULL ARTICLE](#)

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