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Hailan Holdings Limited

海藍控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 2278)

ADOPTION OF SHARE AWARD SCHEME

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The Board is pleased to announce that the Company has adopted the Share Award Scheme on the Adoption Date.

Pursuant to the Share Award Scheme, the Awards may be satisfied by (i) new Shares allotted and issued to the Trustee or to the Selected Participant directly by the Company, the costs of which will be borne by the Company, or (ii) Shares to be acquired by the Trustee at the cost of the Company. The Awarded Shares will be held on trust by the Trustee for the Selected Participants before vesting.

Given that the Share Award Scheme does not involve the grant of options over any new Shares, it does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder.

The total number of new Shares as Awarded Shares to be allotted and issued by the Company, underlying all grants made pursuant to the Share Award Scheme shall not exceed 10% of the total number of issued Shares as at the Adoption Date.

The Company shall comply with the Articles and the relevant Listing Rules when allotting and issuing any new Shares under any general mandate or specific mandate and application shall be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued.

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SUMMARY OF PRINCIPAL TERMS OF THE SHARE AWARD SCHEME

Purposes and objectives

The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain Eligible Persons and to provide them with incentives in order to retain them for the continuous operation and future development of the Group and to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board in accordance with the Scheme Rules, the Share Award Scheme shall be valid and effective for 10 years from the Adoption Date.

Administration

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the terms of the Scheme Rules and the terms of the Trust Deed. The Trustee will hold the Awarded Shares and the income derived in accordance with the terms of the Trust Deed.

Eligibility

Under the Scheme Rules, the following classes of Eligible Participants (excluding the Excluded Participants) are eligible for participation in the Share Award Scheme:

- (a) any director (including executive and non-executive director) of the Group;
- (b) any employee of the Group;
- (c) any officer of the Group; and
- (d) any consultant of the Group.

Furthermore, the Award may be made to any company wholly owned by any of the above Eligible Participants.

Operation of the Share Award Scheme

The Board may select any Eligible Participants (other than Excluded Participants) for participation in the Share Award Scheme and determine the number of the Awarded Shares to be awarded to the Selected Participants.

The Company shall comply with the Articles and the relevant Listing Rules when allotting and issuing any new Shares under any general mandate or specific mandate and application shall be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued.

Where any Award is proposed to be made to a connected person and the relevant Award of the Awarded Shares is to be satisfied by an allotment and issue of new Shares, the Award shall be separately approved by the Shareholders in general meeting with such connected person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such Award.

Where any grant of Awarded Shares is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director), such grant must first be approved by the remuneration committee of the Board, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee.

Purchase of Awarded Shares by the Trustee under the Trust Deed

The Board shall cause the Reference Amount to be paid from the Company's resources to the Trustee to be held on trust for the relevant Selected Participant for the purchase of and/or the subscription for the Awarded Shares.

The Trustee shall, as soon as practicable after receiving the Reference Amount, apply the Reference Amount towards the purchase of the Awarded Shares at the prevailing market price.

If the Reference Amount paid to the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Trustee shall acquire the maximum number of board lots of Shares that can be acquired with that amount and seek further funds from the Board until all the Awarded Shares are purchased.

The Trustee shall purchase further Shares for the Selected Participants with the cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Awarded Shares held upon the trust for the relevant Selected Participant. When the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the Award and become entitled to the Awarded Shares, the Trustee shall transfer the relevant Award Shares to that Selected Participant.

Scheme limit and individual limit

Pursuant to the Scheme Rules, the total number of Shares, whether they are new Shares or existing Shares purchased on-market by the Trustee, underlying all grants made pursuant to the Share Award Scheme shall not exceed 10% of the total number of issued Shares as at the

Adoption Date (subject to adjustment in the event of sub-division or consolidation of Shares in accordance with the Scheme Rules). Such scheme limit may however be refreshed from time to time subject to the certain conditions set out in the Share Award Scheme. The Company shall not make any further grant of Awarded Share(s) which would result in the total number of the Awarded Shares together with the Shares which may be allotted and issued upon exercise of all outstanding share options granted but yet to be exercised under the other share option or award scheme(s) of the Company (if any) representing an aggregate over thirty per cent (30%) of the Share in issue as at the date of such grant.

The maximum number of Shares which may be awarded to a Selected Participant under the Share Awarded Scheme in any 12-month period shall not exceed 1 per cent (1%) of the issued share capital of the Company as at the Adoption Date.

As at the date of this announcement, the Company has a total of 300,000,000 issued Shares. Assuming that (i) all the Awards granted under the Share Award Scheme shall be satisfied by the allotment and issue of new Shares by the Company and (ii) there is no change in the total number of issued Shares from the date of this announcement up to the Adoption Date, the total number of issued Shares underlying all grants made to the Share Award Scheme shall not exceed 10% of the total number of issued Shares as at the Adoption Date (i.e. 30,000,000 Shares).

Vesting and lapse

Any Awarded Shares and the related income thereof held by the Trustee and which are referable to a Selected Participant shall vest in that Selected Participant in accordance with the timetable and conditions as imposed by the Board at its absolute discretion, provided that the Selected Participant remains at all times after the Reference Date and on the relevant Vesting Date(s) an Eligible Participant of the Group.

In respect of a Selected Participant who died or retired at his normal retirement date or earlier by agreement with the Group at any time prior to a Vesting Date, all the Awarded Shares and the related income of a Selected Participant shall be deemed to be vested on the date immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Group.

In the event (i) a Selected Participant ceases to be an Eligible Participant, or (ii) the subsidiary by which a Selected Participant is employed ceases to be a subsidiary of the Company, or (iii) an order for the winding-up of the Company or (iv) a Selected Participant is found to be an Excluded Participant or (v) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and related income thereof shall not vest in that Eligible Participant on the relevant Vesting Date but shall become returned shares for the purpose of the Share Award Scheme.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately vest in the respective Selected Participant on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date.

Rights and restrictions

A Selected Participant shall only have a contingent interest in the Awarded Shares and the related income thereof which are referable to him subject to the vesting of such Shares on the Vesting Date. A Selected Participant shall have no rights in the Residual Cash.

The Trustee shall not exercise the voting rights in respect of any Shares held on trust by the Trustee for the Selected Participants before vesting (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares).

Termination

The Share Award Scheme shall terminate on the earlier of (i) the date falling on the 10th anniversary date of the Adoption Date and (ii) such date of early termination as determined by the Board provided that such termination shall not materially and adversely affect any subsisting rights of any Selected Participant thereunder.

Upon all the Awarded Shares of the Selected Participants granted under the Share Award Scheme having been vested, the Residual Cash for the Selected Participants and such other funds remaining in the trust fund shall be remitted to the Company forthwith.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

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| “Adoption Date” | the date on adoption of the Share Award Scheme by the Board |
| “Award” | an award of Shares (together with any related income) by the Board to a Selected Participant pursuant to the Share Award Scheme |
| “Awarded Amount” | in respect of a Selected Participant, the closing price of the Shares as quoted by the Stock Exchange as at the Reference Date multiplied by the number of Awarded Shares comprised in the Award |
| “Awarded Shares” | in respect of a Selected Participant, such number of Shares determined by the Board and (i) issued as new Shares by the Company to the Trustee on trust for the Selected Participant or (ii) purchased by the Trustee on the market, in either case out of cash paid by the Company by way of settlement to the Trustee pursuant to the Share Award Scheme |
| “Board” | the board of Directors |
| “Company” | Hailan Holdings Limited (海藍控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 2278) |

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| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Eligible Participant” | any individual or corporate entity being a director (including executive and non-executive director), employee, officer, consultant of the Company or any of its subsidiaries; and, for the purposes of this Scheme, the Award may be made to any company wholly owned by any of the above participant |
| “Excluded Participant” | any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Reference Amount” | the sum of (i) the Awarded Amount and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, Securities and Futures Commission transaction levy, Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of all the Awarded Shares |
| “Reference Date” | in respect of a Selected Participant, the date of final approval by the Board of the total number of Shares to be awarded to the relevant Selected Participant in a single occasion pursuant to the Share Award Scheme |

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| “Residual Cash” | in respect of a Selected Participant, being cash remaining in the trust fund set up by the Trustee in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of further Shares) |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Scheme Rules” | the rules relating to the Share Award Scheme as amended from time to time |
| “Selected Participant” | any Eligible Participant approved by the Board for participation in the Share Award Scheme and who has been granted an Award pursuant to the Share Award Scheme |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shares” | the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Trust” | the relevant trust(s) constituted by the Trust Deed to serve the Share Award Scheme |
| “Trust Deed” | the trust deed between the Company and the Trustee (as may be restated, supplemented and amended from time to time) in relation to the Share Award Scheme |
| “Trustee” | the trustee appointed by the Company for the purpose of the Trusts |
| “Vesting Date” | in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares accrues in accordance with the conditions as imposed by the Board or is deemed to have accrued pursuant to the terms of the Share Award Scheme |
| “%” | per cent |

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 30 April 2021

As at the date of this announcement, the executive Directors are Ms. Zhou Li, Ms. Fan Wenyi and Mr. Chen Xiang; and the independent non-executive Directors are Mr. Li Yong, Dr. Zhao Guoqing and Mr. Deng Shaochao.

* *For identification purpose only*