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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)

CONTINUING CONNECTED TRANSACTIONS — PROPERTY MANAGEMENT SERVICE AGREEMENTS

The Board is pleased to announce that, on 1 June 2021, the Group, through its subsidiaries, entered into the Property Management Service Agreements with Nanjing Hailan Huiyuan, a connected person, pursuant to which Nanjing Hailan Huiyuan, or its local branch company, will provide property management services to three sales centres of the Company for six to 12 months.

REASONS FOR ENTERING INTO THE PROPERTY MANAGEMENT SERVICE AGREEMENTS

Nanjing Hailan Huiyuan is principally engaged in providing property management services in the PRC. By entering into the property management service agreements, the Group will be able to enjoy smooth and hassle-free property management services to be provided by Nanjing Hailan Huiyuan.

The Directors (including independent non-executive Directors) consider that the terms of the Property Management Service Agreements are fair and reasonable, the Property Management Service Agreements are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and the entering into of the Property Management Service Agreements are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Nanjing Hailan Huiyuan is owned as to 60% by Shanghai Tailaishi and 40% by Mr. Zhang Jianing. As Mr. Yeung Man is the ultimate beneficial owner of Shanghai Tailaishi and controls 100% of voting interest in Shanghai Tailaishi, Shanghai Tailaishi is a connected person of the Company and the transactions contemplated under the Property Management Service Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Property Management Service Agreements under Rule 14.07 of the Listing Rules is higher than 0.1% but less than 5% and the total consideration when aggregated together exceeds HK\$3 million, the transactions contemplated under the Property Management Service Agreements are subject to the reporting, announcement and annual review requirements but exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Among our Directors, Ms. Zhou Li, has abstained from voting on the resolutions approving the Property Management Service Agreements given that Ms. Zhou Li cohabits with Mr. Yeung Man as spouse and Mr. Yeung Man is one of the ultimate beneficial owners of Nanjing Hailan Huiyuan. Save as disclosed above, the other Directors have any material interests in the Property Management Service Agreements and therefore, no other Directors has abstained from voting on such Board resolutions.

INTRODUCTION

The Board is pleased to announce that, on 1 June 2021, the Group, through its subsidiaries, entered into the Property Management Service Agreements with Nanjing Hailan Huiyuan, a connected person, pursuant to which Nanjing Hailan Huiyuan, or its local branch company, will provide property management services to three sales centres of the Company for six to 12 months.

PROPERTY MANAGEMENT SERVICE AGREEMENTS

1. First Property Management Service Agreement

The principal terms of the First Property Management Service Agreement are as follows:

Date:	1 June, 2021
Parties:	Danzhou Shuanglian; and Nanjing Hailan Huiyuan
Term:	12 months from the time Nanjing Hailan Huiyuan commences providing services
Location:	Danzhou Phoenix Shoreline Project Sales Centre (儋州鳳凰海岸項目銷售中心)

Scope of property management services: Nanjing Hailan Huiyuan will provide the following property management services to Danzhou Shuanglian:

- (1) providing property management service at the sales centre including keeping the place in order, providing visitor services, cleaning the sales centre, providing private banquet staff at the sales centre (such as chef and assistants), providing information to home buyers and cooperating with marketing events organized by Danzhou Shuanglian;
- (2) select and assign property service and management personnel in accordance with the requirements of Danzhou Shuanglian; and
- (3) provide uniforms and access badges to personnel for working at the sales centre.

Consideration: RMB2,749,538 (tax inclusive) for 12 months

The consideration was determined after arm's length negotiations with reference to the general market price and based on factors such as the size of the property, number of rooms, number of people required, daily maintenance, property management fees for properties in the vicinity of the sales centre.

Payment terms and due date: Monthly, due 10 days before the end of the month for the service fee of the previous month

Historical transaction amounts

The table below summarizes the actual transaction amounts of the relevant service fees under the Existing First Property Management Service Agreement:

	From 1 January 2021 to 31 May 2021 (RMB)
Actual transaction amount	916,512.00

The annual caps

Pursuant to the First Property Management Service Agreement, the annual caps of the Group for the year 2021 and 2022 are as follows:

	2021 <i>(RMB)</i>	2022 <i>(RMB)</i>
Annual Cap	2,800,000	2,800,000

The annual caps have been set based on (i) the total service fees expected to be paid by the Group to Nanjing Hailan Huiyuan under the First Property Management Service Agreement; (ii) any future increase in costs due to factors such as increased number of property service personnel and increased labour costs; and (iii) the historical transaction amounts as set out above.

2. Second Property Management Service Agreement

The principal terms of the Second Property Management Service Agreement are as follows:

Date:	1 June, 2021
Parties:	Nanjing Hailan Haoyue; and Nanjing Hailan Huiyuan
Term:	Six months from the time Nanjing Hailan Huiyuan commences providing services
Location:	Gaochun Hailan Zhongtang Project Sales Centre (高淳海藍中棠項目銷售中心)
Scope of property management services:	Nanjing Hailan Huiyuan will provide, among others, the following property management services to Nanjing Hailan Haoyue: <ol style="list-style-type: none">(1) providing property management service at the sales centre including keeping the place in order, providing visitor services, cleaning the sales centre, providing private banquet staff at the sales centre (such as chef and assistants), providing information to home buyers and cooperating with marketing events organized by Nanjing Hailan Haoyue;(2) selecting and assigning property service and management personnel in accordance with the requirements of Nanjing Hailan Haoyue; and(3) providing uniforms and access badges to personnel for working at the sales centre.

Consideration: RMB837,279 (tax inclusive) for six months

The consideration was determined after arm's length negotiations with reference to the general market price and based on factors such as the size of the property, number of rooms, number of people required, daily maintenance, property management fees for properties in the vicinity of the sales centre.

Payment terms and due date: Monthly, due 10 days before the end of the month for the service fee of the previous month

Historical transaction amounts

The table below summarizes the actual transaction amounts of the relevant service fees under the Existing Second Property Management Service Agreement:

	From 1 January 2020 to 31 December 2020 (RMB)	From 1 January 2021 to 31 May 2021 (RMB)
Actual transaction amount	258,892.00	697,732.50

The annual caps

Pursuant to the Second Property Management Service Agreement, the annual caps of the Group for the year 2021 and 2022 are as follows:

	2021 (RMB)	2022 (RMB)
Annual Cap	1,680,000	1,680,000

The annual caps have been set based on (i) the total service fees expected to be paid by the Group to Nanjing Hailan Huiyuan under the Second Property Management Service Agreement; (ii) any future increase in costs due to factors such as increased number of property service personnel and increased labour costs; and (iii) the historical transaction amounts as set out above.

3. Third Property Management Service Agreement

The principal terms of the Third Property Management Service Agreement are as follows:

Date:	1 June, 2021
Parties:	Zhanjiang Hailan Zhiye; and Zhanjiang Branch of Nanjing Hailan Huiyuan
Term:	12 months from the time Zhanjiang Branch of Nanjing Hailan Huiyuan commences providing services
Location:	Hailan Aoyuan Binjiang Huafu Project Sales Centre (海藍奧園濱江華府項目銷售中心)
Scope of property management services:	Zhanjiang Branch of Nanjing Hailan Huiyuan will provide, among others, the following property management services to Zhanjiang Hailan Zhiye: <ol style="list-style-type: none">(1) providing property management service at the sales centre including keeping the place in order, providing visitor services, cleaning the sales centre, providing private banquet staff at the sales centre (such as chef and assistants), providing information to home buyers and cooperating with marketing events organized by Zhanjiang Hailan Zhiye;(2) selecting and assigning property service and management personnel in accordance with the requirements of Zhanjiang Hailan Zhiye; and(3) providing uniforms and access badges to personnel for working at the sales centre.
Consideration:	RMB1,868,487.4 (tax inclusive) for 12 months The consideration was determined after arm's length negotiations with reference to the general market price and based on factors such as the size of the property, number of rooms, number of people required, daily maintenance, property management fees for properties in the vicinity of the sales centre.
Payment terms and due date:	Monthly, for the service fee of the previous month

Historical transaction amounts

The table below summarizes the actual transaction amounts of the relevant service fees under the Existing Third Property Management Service Agreement:

	From 1 January 2020 to 31 December 2020 (RMB)	From 1 January 2021 to 31 May 2021 (RMB)
Actual transaction amount	1,978,944.60	778,536.50

The annual caps

Pursuant to the Third Property Management Service Agreement, the annual caps of the Group for the year 2021 and 2022 are as follows:

	2021 (RMB)	2022 (RMB)
Annual Cap	2,000,000	2,000,000

The annual caps have been set based on (i) the total service fees expected to be paid by the Group to Nanjing Hailan Huiyuan or its branch at Zhanjiang under the Third Property Management Service Agreement; (ii) any future increase in costs due to factors such as increased number of property service personnel and increased labour costs; and (iii) the historical transaction amounts as set out above.

INTERNAL CONTROL MEASURES

In order to ensure the terms under the Property Management Service Agreements are fair and reasonable and the Company's conformity with the pricing terms contemplated under such agreements, the Company has adopted the following internal control procedures:

- (1) in determining the term of consideration, the Company has made references to a number of factors, including the comparable market prices and government guidance prices (if applicable), to ensure that the price is fair and reasonable and on normal commercial terms;
- (2) in the event that the total amount of costs is expected to exceed the agreed amount of consideration, the Company will compare the labour costs and other costs with the market prices of the same type of services to determine the reasonable costs for the services;
- (3) the independent non-executive Directors have reviewed and will continue to review the Property Management Service Agreements to ensure that the terms of the Property Management Service Agreements are fair and reasonable, and the Property Management

Service Agreements are conducted on normal commercial terms in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole; and

- (4) the auditors of the Company will review annually the pricing policies and caps of the Property Management Service Agreements.

REASONS FOR ENTERING INTO THE PROPERTY MANAGEMENT SERVICE AGREEMENTS

Nanjing Hailan Huiyuan is principally engaged in providing property management services in the PRC. By entering into the property management service agreements, the Group will be able to enjoy smooth and hassle-free property management services to be provided by Nanjing Hailan Huiyuan.

The Directors (including independent non-executive Directors) consider that the terms of the Property Management Service Agreements are fair and reasonable, the Property Management Service Agreements are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and the entering into of the Property Management Service Agreements are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Nanjing Hailan Huiyuan is owned as to 60% by Shanghai Tailaishi and 40% by Mr. Zhang Jianing. As Mr. Yeung Man is the ultimate beneficial owner of Shanghai Tailaishi and controls 100% of voting interest in Shanghai Tailaishi, Shanghai Tailaishi is a connected person of the Company and the transactions contemplated under the Property Management Service Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the Existing Property Management Service Agreements are less than 5% and the total consideration under the Existing Property Management Service Agreements up to 31 May 2021 is less than HK\$3,000,000, the Existing Property Management Service Agreements are fully exempt from all obligations under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Property Management Service Agreements under Rule 14.07 of the Listing Rules is higher than 0.1% but less than 5% and the total consideration when aggregated together exceeds HK\$3 million, the transactions contemplated under the Property Management Service Agreements are subject to the reporting, announcement and annual review requirements but exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Among our Directors, Ms. Zhou Li, has abstained from voting on the resolutions approving the Property Management Service Agreements given that Ms. Zhou Li cohabits with Mr. Yeung Man as spouse and Mr. Yeung Man is one of the ultimate beneficial owners of Nanjing Hailan Huiyuan. Save as disclosed above, the other Directors have any material interests in the Property Management Service Agreements and therefore, no other Directors has abstained from voting on such Board resolutions.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in investment holding, properties development and sales and rental of developed properties.

INFORMATION ABOUT DANZHOU SHUANGLIAN

Danzhou Shuanglian is a company established in the PRC with limited liability. Danzhou Shuanglian is principally engaged in property development, sales and rental of developed properties.

Danzhou Shuanglian is an indirect non-wholly owned subsidiary of the Company. It is owned as to 9.7% by Hailan Shiye (Guangzhou) Co., Ltd. (海藍實業(廣州)有限公司) (a non-wholly owned subsidiary of the Company), as to 1.092% by Ms. Zhao Xia (趙霞女士), as to 29.208% by Guangdong Jinzhong Hongpeng Zhiye Co., Ltd. (廣東金鐘鴻鵬置業有限公司) and as to 60% by Sanya Zhongzekai Shiye Co., Ltd. (三亞中澤凱實業有限公司).

INFORMATION ABOUT NANJING HAILAN HAOYUE

Nanjing Hailan Haoyue is principally engaged in property development, leasing of properties and property management. It is an indirect non-wholly owned subsidiary of the Company. It's equity interest is owned as to 60% by Hailan Haoyue, a wholly-owned subsidiary of the Company, and 40% by Nanjing Fuyu.

Hailan Haoyue is a wholly-owned subsidiary of the Company. Nanjing Fuyu is owned as to 95% by Mr. Yang Linsheng (楊林生先生) and 5% by Ms. Zhao Yan (趙豔女士).

INFORMATION ABOUT ZHANJIANG HAILAN ZHIYE

Zhanjiang Hailan Zhiye is principally engaged in property development and property management. It is an indirect non-wholly owned subsidiary of the Company. It is owned as to 50.99% by Hailan Haoyue, a non-wholly owned subsidiary of the Company, 44.99% by Zhanjiang City Aoyu Property Co., Ltd. (湛江市奧譽置業有限公司) and 4.02% by Guangdong Hailan Property Development Co., Ltd. (廣東海藍房地產開發有限公司), a non-wholly owned subsidiary of the Company.

INFORMATION ABOUT NANJING HAILAN HUIYUAN

Nanjing Hailan Huiyuan is principally engaged in property management, sales agency of commodity housing properties, real estate consulting and corporate consulting. It is a connected person of the Company. It is owned as to 60% by Shanghai Tailaishi Construction Technology Co., Ltd. (上海泰萊獅建築科技有限公司) and 40% by Mr. Zhang Jianing (張家寧先生). Shanghai Tailaishi's ultimate beneficial owners include Mr. Yeung Man (楊敏先生), a controlling Shareholder, and Mr. Zhang Jianing (張家寧先生).

DEFINITIONS

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

“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Danzhou Shuanglian”	Danzhou City Shuanglian Property Development Co., Ltd. (儋州市雙聯房地產開發有限公司), a company established under the laws of the PRC with limited liability which is owned as to 9.7% by Hailan Shiye (Guangzhou) Co., Ltd. (海藍實業(廣州)有限公司) (a non-wholly owned subsidiary of the Company), as to 1.092% by Ms. Zhao Xia (趙霞女士), as to 29.208% by Guangdong Jinzhong Hongpeng Zhiye Co., Ltd. (廣東金鐘鴻鵬置業有限公司) and as to 60% by Sanya Zhongzekai Shiye Co., Ltd. (三亞中澤凱實業有限公司)
“Director(s)”	the director(s) of the Company
“Existing First Property Management Service Agreement”	the existing property management service agreement entered into between Danzhou Shuanglian (an indirect non-wholly owned subsidiary of the Company) and Nanjing Hailan Huiyuan on 1 January 2021
“Existing Property Management Service Agreements”	the Existing First Property Management Service Agreement, the Existing Second Property Management Service Agreement and the Existing Third Property Management Service Agreement
“Existing Second Property Management Service Agreement”	the existing property management service agreement entered into between Nanjing Hailan Haoyue (an indirect non-wholly owned subsidiary of the Company) and Nanjing Hailan Huiyuan on 1 January 2021
“Existing Third Property Management Service Agreement”	the existing property management service agreement entered into between Zhanjiang Hailan Zhiye (an indirect non-wholly owned subsidiary of the Company) and Nanjing Hailan Huiyuan on 1 November 2020

“First Property Management Service Agreement”	the property management service agreement entered into between Danzhou Shuanglian (an indirect non-wholly owned subsidiary of the Company) and Nanjing Hailan Huiyuan on 1 June 2021
“Group”	the Company and its subsidiaries
“Hailan Haoyue”	Hailan Haoyue Holdings (Shenzhen) Co., Ltd. (海藍浩越控股(深圳)有限公司), a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Fuyu”	Nanjing Fuyu Engineering Management Co., Ltd. (南京複裕工程管理有限責任公司), a company established under the laws of the PRC with limited liability which is owned as to 95% by Mr. Yang Linsheng (楊林生先生) and 5% by Ms. Zhao Yan (趙豔女士)
“Nanjing Hailan Haoyue”	Nanjing Hailan Haoyue Zhiye Co., Ltd. (南京海藍浩越置業有限公司), an indirect non-wholly owned subsidiary of the Company, which was established under the laws of the PRC with limited liability on 6 July 2020. It’s equity interest is owned as to 60% by Hailan Haoyue, a wholly-owned subsidiary of the Company, and 40% by Nanjing Fuyu
“Nanjing Hailan Huiyuan”	Nanjing Hailan Huiyuan Property Service Co., Ltd. (南京海藍惠源物業服務有限公司), a company established under the laws of the PRC with limited liability and is a connected person of the Company. It is owned as to 60% by Shanghai Tailaishi Construction Technology Co., Ltd. (上海泰萊獅建築科技有限公司) and 40% by Mr. Zhang Jianing (張家寧先生). Shanghai Tailaishi ultimate beneficial owners include Mr. Yeung Man (楊敏先生), a controlling Shareholder, and Mr. Zhang Jianing (張家寧先生)
“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
“Property Management Service Agreements”	the First Property Management Service Agreement, the Second Property Management Service Agreement and the Third Property Management Service Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Second Property Management Service Agreement”	the property management service agreement entered into between Nanjing Hailan Haoyue (an indirect non-wholly owned subsidiary of the Company) and Nanjing Hailan Huiyuan on 1 June 2021
“Shanghai Tailaishi”	Shanghai Tailaishi Construction Technology Co., Ltd. (上海泰萊獅建築科技有限公司), a company established under the laws of the PRC with limited liability on 11 October 2014 and a connected person of the Company, which is owned as to 100% by Tellus (Hong Kong) Building Technology Limited (泰萊獅(香港)建築科技有限公司). Its ultimate shareholders is Mr. Yeung Man (楊敏先生), a controlling Shareholder
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Property Management Service Agreement”	the property management service agreement entered into between Zhanjiang Hailan Zhiye (an indirect non-wholly owned subsidiary of the Company) and Zhanjiang Branch of Nanjing Hailan Huiyuan on 1 June 2021
“Zhanjiang Hailan Zhiye”	Zhanjiang Hailan Zhiye Co., Ltd. (湛江海藍置業有限公司), an indirect non-wholly owned subsidiary of the Company, which was established under the laws of the PRC with limited liability on 28 June 2019, which is owned as to 50.99% by Hailan Haoyue, a non-wholly owned subsidiary of the Company, 44.99% by Zhanjiang City Aoyu Property Co., Ltd. (湛江市奧譽置業有限公司) and 4.02% by Guangdong Hailan Property Development Co., Ltd. (廣東海藍房地產開發有限公司), a non-wholly owned subsidiary of the Company
“%”	per cent

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 1 June 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.