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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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTEREST

ACQUISITION OF EQUITY INTEREST

The Board is pleased to announce that on 10 September 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Equity at the Total Consideration of RMB74,836,700.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition (even when aggregated with the percentage ratios of the First Acquisition) is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As Hengnan Wanwu is a substantial shareholder of the Target Company, a subsidiary of the Company, Hengnan Wanwu is connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company. The Board has approved the Acquisition and the Directors (including the independent non-executive Directors) are of the view that the terms for the Acquisition are on normal commercial terms and fair and reasonable and is in the interests of the Company and its Shareholders as a whole. Therefore, the Acquisition is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules. None of the Directors has a material interest in the transaction and none of the Directors is required to abstain from voting on the board resolutions approving this transaction.

ACQUISITION OF EQUITY INTEREST

The Board is pleased to announce that on 10 September 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Equity at the Total Consideration of RMB74,836,700.

Salient terms of the Equity Transfer Agreement are as follows:

Date of entering into the Equity Transfer Agreement : 10 September 2021

Parties : (1) the Purchaser; and
(2) the Vendor (connected person at subsidiary level).

Subject assets to be acquired

Pursuant to the terms of Equity Transfer Agreement, the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the Sale Equity being 27.39% of the equity interest in the Target Company.

Consideration

The Total Consideration payable by the Purchaser to the Vendor for the Sale Equity in the Target Company is RMB74,836,700.

The Total Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to, among other things, the financial statements of the Target Company as at 30 June 2021 (including but not limited to the net asset value) and the prevailing market price of land in the vicinity of the land use rights owned by the subsidiary of the Target Company. The Vendor contributed RMB56,148,100 towards the Target Company in relation to its formation and the land acquisition of Danzhou Shuanglian or its subsidiary.

The Group considered the Total Consideration for 27.39% equity interest in the Target Company was fair and reasonable after taking into account, among other things, (i) the market value of the land use rights owned by the subsidiary of the Target Company, Danzhou Shuanglian; (ii) the current property market conditions in Danzhou, Hainan Province and the areas nearby; and (iii) the location and development potential of the properties being developed. The Group intends to finance the Total Consideration by internal resources.

Payment of Total Consideration

The Total Consideration shall be payable by the Purchaser to the Vendor in cash as follows:

- RMB74,836,700, representing approximately 100% of Total Consideration, shall be deposited at the designated bank account of the Purchaser, which is jointly managed by the Purchaser and the Vendor, within 5 working days of signing the Equity Transfer Agreement.

Upon completion, the Vendor will notify and direct the Purchaser for payment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will allow the Group to increase its equity interest in Danzhou Shuanglian indirectly by increasing the Group's equity interest in the Target Company which holds 29.208% equity interest in Danzhou Shuanglian. The Acquisition will also allow the Company to increase its investment return from the property development projects being developed by Danzhou Shuanglian in Danzhou, Hainan Province. The Board considers that the Acquisition is in line with the business development strategy of the Group in Hainan Province and is of the view that the Acquisition is in the Group's ordinary and usual course of business, the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 22 August 2020. As at the date of this announcement, the Target Company has a registered capital of RMB30 million. The equity interest of the Target Company is owned as to 72.61% by Hailan Shiye Guangzhou and 27.39% by Hengnan Wanwu prior to the Acquisition. As such, the Target Company is an indirect non-wholly owned subsidiary of the Company.

The Target Company is principally engaged in property development, real estate intermediary services (including real estate agency services and real estate consulting services) and leasing of properties. The subsidiary of the Target Company, Danzhou Shuanglian is the project company for the property development projects in Danzhou, Hainan Province and the subsidiary of Danzhou Shuanglian is interested in the land use rights of a parcel of land at Binhai New District, Baimajing Town, Danzhou, Hainan Province with a total site area of 180,274.7 sq.m. and a total gross floor area of 50,848.90 sq.m., which is planned for property development.

Before the Acquisition, Danzhou Shuanglian is owned as to 60% by Sanya Zhongzekai, 29.208% by the Target Company, 9.7% by Hailan Shiye Guangzhou (a non-wholly owned subsidiary of the Company) and 1.092% by Ms. Zhao Xia (趙霞女士).

Upon completion of the Acquisition, Danzhou Shuanglian will be owned as to 60% by Sanya Zhongzekai, 29.208% by the Target Company, 9.7% by Hailan Shiye Guangzhou (a non-wholly owned subsidiary of the Company) and 1.092% by Ms. Zhao Xia (趙霞女士). Thus, Danzhou Shuanglian will be owned as to 98.108% by our Group upon completion of the Acquisition.

Set out below is the unaudited financial information of the Target Company for the period from 22 August 2020 (i.e. the date of incorporation) to 30 June 2021 prepared according to the PRC accounting standards:

	For the period from 22 August 2020 to 30 June 2021 (RMB'000) (unaudited)
Loss before taxation and extraordinary items	12,824
Loss after taxation and extraordinary items	12,824

The unaudited net liabilities of the Target Company as at 30 June 2021 is RMB12,824,000.

The unaudited total asset value and the unaudited total liabilities of the Target Company as at 30 June 2021 is approximately RMB400,023,000 and RMB412,847,000, respectively.

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

Information on the Group

The Group is principally engaged in development, sales and lease of residential properties in the PRC.

Information on the Purchaser

Hailan Haoyue is a company established in the PRC with limited liability on 17 July 2019 and a wholly-owned subsidiary of the Company. Hailan Haoyue is principally engaged in real estate agency services, construction project management and economic information consulting. As at the date of this announcement, Hailan Haoyue is owned as to 99% by Sanya Zhongzekai and 1% by Sanya Phoenix Shuiyun Real Estate Co., Ltd.* (三亞鳳凰水韻房地產有限公司).

Information on the Vendor

Hengnan Wanwu is a company established in the PRC with limited liability on 11 September 2017. It is principally engaged in commercial information consulting, financial consulting and corporate management consulting. It is owned as to 50% by Mr. Yang Guishen (陽桂生先生) and Ms. He Haiying (何海英女士), who are PRC merchants. Hengnan Wanwu is a connected person of the Company at the subsidiary level as it is a connected person only because it is a substantial shareholder of the Target Company which is one of the Company's subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition (even when aggregated with the percentage ratios of the First Acquisition) is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As Hengnan Wanwu is a substantial shareholder of the Target Company, a subsidiary of the Company, Hengnan Wanwu is connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company. The Board has approved the Acquisition and the Directors (including the independent non-executive Directors) are of the view that the terms for the Acquisition are on normal commercial terms and fair and reasonable and is in the interests of the Company and its Shareholders as a whole. Therefore, the Acquisition is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules. None of the Directors has a material interest in the transaction and none of the Directors is required to abstain from voting on the board resolutions approving this transaction.

DEFINITIONS

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

“Acquisition”	the acquisition of the equity interest in the Target Company
“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
“Danzhou Hailan Jinhong”	Danzhou Hailan Jinhong Property Development Co., Ltd.* (儋州海藍金鴻房地產開發有限公司), a company established on 7 January 2021 under the laws of the PRC with limited liability, which is owned as to 50% by Danzhou Shuanglian, 35% by Hailan Shiye Guangzhou and 15% by Sanya Zhongzekai prior to the First Acquisition
“Danzhou Shuanglian”	Danzhou Shuanglian Real Estate Development Co., Ltd.* (儋州雙聯房地產開發有限公司) which is an indirect non wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company

“Equity Transfer Agreement”	the equity transfer agreement entered into between the Purchaser and the Vendor on 10 September 2021 in relation to the Acquisition
“First Acquisition”	the First Acquisition as defined in the announcement of the Company dated 7 July 2021 in relation to the acquisition of Danzhou Hailan Jinhong, a subsidiary of Danzhou Shuanglian
“Group”	the Company and its subsidiaries
“Hailan Haoyue” or the “Purchaser”	Hailan Haoyue Holdings (Shenzhen) Co., Ltd.* (海藍浩越控股(深圳)有限公司), a company established in the PRC with limited liability on 17 July 2019 which is owned as to 99% by Sanya Zhongzekai and 1% by Sanya Phoenix Shuiyun Real Estate Co., Ltd. (三亞鳳凰水韻房地產有限公司), and a wholly-owned subsidiary of our Company
“Hailan Shiye Guangzhou”	Hailan Shiye (Guangzhou) Co., Ltd.* (海藍實業(廣州)有限公司) a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Hengnan Wanwu” or the “Vendor”	Hengnan Wanwu Enterprise Management Co., Ltd.* (衡南萬物企業管理有限公司), a company established in the PRC with limited liability on 11 September 2017 and is owned by Mr. Yang Guisheng (陽桂生先生) and Ms. He Haiying (何海英女士)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Jinzhong Property”	Hunan Jinzhong Property Investment Group Co., Ltd.* (湖南金鐘置業投資集團有限公司), a company established in the PRC with limited liability
“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
“RMB”	renminbi, the lawful currency of the PRC
“Sanya Zhongzekai”	Sanya Zhongzekai Shiye Co., Ltd.* (三亞中澤凱實業有限公司), an indirect wholly-owned subsidiary of the Company through Zhong Ze (Hong Kong) Investment Limited (中澤(香港)投資有限公司)
“Shareholder(s)”	holder(s) of the Shares

“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guangdong Jinzhong Hongpeng Zhiye Co., Ltd.* (廣東金鐘鴻鵬置業有限公司), the joint venture company established in the PRC with limited liability on 22 August 2020 which is owned as to 72.61% by Hailan Shiye Guangzhou, an indirect non-wholly owned subsidiary of the Company and as to 27.39% by Hengnan Wanwu
“Total Consideration”	RMB74,836,700, being the total consideration payable by Hailan Haoyue for the Sale Equity in relation to the Acquisition
“%”	per cent

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 10 September 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 Prof. Fan Conglai.

* *For identification purpose only*