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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 TRANSACTION  
PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT**

We refer to the Announcement dated 1 June 2021 in relation to, among others, the Previous Transactions under the property management service agreements entered into between the Company and Nanjing Hailan Huiyuan, a connected person.

The Board is pleased to announce that, on 11 April 2022, in addition to the Previous Transactions, the Company entered into the Property Management Service Framework Agreement with Nanjing Hailan Huiyuan, pursuant to which Nanjing Hailan Huiyuan (or any of its subsidiaries) will provide Property Management Services to the Group for a term of two years and nine months as the Company anticipates that it will enter into new property management service agreements with Nanjing Hailan Huiyuan for new development projects.

**REASONS FOR AND BENEFITS OF THE PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT**

Nanjing Hailan Huiyuan is principally engaged in the provision of property management services in the PRC. By entering into the Property Management Service Framework Agreement, the Group will be able to enjoy smooth and hassle-free Property Management Services to be provided by Nanjing Hailan Huiyuan (or any of its subsidiaries). The transactions contemplated under the Previous Transactions have continued for some time, have been provided in the ordinary and usual course of business of the Group and Nanjing Hailan Huiyuan and are expected to continue.

The Property Management Service Framework Agreement sets out the principles for regulating such transactions and provides flexibility for the entering into of the Specific Agreements in respect of such continuing transactions (when they arise) as well as administrative convenience for the purpose of compliance with Chapter 14A of the Listing Rules.

In addition, as Nanjing Hailan Huiyuan has extensive experience in providing property management services in the PRC, the Board believes that it is beneficial to the business of the Group to engage Nanjing Hailan Huiyuan for providing the Property Management Services to the Group as it is competitive in terms of price, efficiency, quality and reliability in the provision of such services.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Management Service Framework Agreement and the transactions contemplated thereunder and the Annual Caps are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

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 Framework Agreement 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 Framework Agreement 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 Framework Agreement 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 Framework Agreement 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 do not have any material interests in the Property Management Service Framework Agreement and therefore, no other Directors has abstained from voting on such Board resolutions.

### **THE PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT**

We refer to the announcement of the Company dated 1 June 2021 (the “**Announcement**”) in relation to, among others, the Previous Transactions under the property management service agreements entered into between the Company and Nanjing Hailan Huiyuan, a connected person.

The Board is pleased to announce that, on 11 April 2022, in addition to the Previous Transactions, the Company entered into the Property Management Service Framework Agreement with Nanjing Hailan Huiyuan, pursuant to which Nanjing Hailan Huiyuan (or any of its subsidiary) will provide Property Management Services to the Group for a term for

two years and nine months as the Company anticipates that the Company will enter into new property management service agreements with Nanjing Hailan Huiyuan in relation to new development projects.

The principal terms of the Property Service Management Framework Agreement are set out as follows:

Date: 11 April 2022 (after trading hours)

Parties: (1) the Company; and  
(2) Nanjing Hailan Huiyuan (a connected person);

Term: from 11 April 2022 to 31 December 2024 (two years and nine months)

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

### **Pricing policy**

Members of the Group will enter into separate individual agreement(s) setting out specific terms for the Property Management Services. The Property Management Service Fees to be charged for the Services shall be determined after arm's length negotiations with reference to (a) the reference prices provided from time to time by relevant government authorities at national level (if any); (b) the government guidance prices provided from time to time by the local authorities of the regions in which the relevant project is located (if any); and (c) where none of the above-mentioned reference prices are available, the Property Management Service Fees shall be determined with reference to the following factors:

- (i) the member(s) of the Group and Nanjing Hailan Huiyuan (or any of its subsidiaries) may enter into Specific Agreements (for the provision of Property Management Services) which will set out the detailed terms for the relevant transactions contemplated under the Property Management Service Framework Agreement in the ordinary and usual course of business, after arm's length negotiation and on normal commercial terms or better;
- (ii) the Specific Agreements shall conform with the principles and provisions set out in the Property Management Service Framework Agreement;

- (iii) the terms and conditions of the Specific Agreements shall be no less favourable than those being offered by the Independent Third Parties to the Group for comparable services;
- (iv) the fees for the provision of different Property Management Services by Nanjing Hailan Huiyuan (or any of its subsidiaries) to the Group shall be based on the type and gross floor area of the relevant properties and shall be determined after arm's length negotiations, taking into account the size, location and conditions of the properties, the nature and standard of the services required and the anticipated operational costs (such as labour costs, material costs and administrative costs), and with reference to the fees for the provision of similar services to similar types of property under the relevant agreements entered into by the Group and Independent Third Parties or, if no such agreements, the standard prices promulgated by the relevant government authorities for similar services or the market rates of similar services for similar types of property (with reference to the relevant rates charged by at least two service providers who are Independent Third Parties); and
- (v) the fees for the Property Management Services shall be paid by the Group to Nanjing Hailan Huiyuan (or the relevant subsidiary) on monthly, quarterly, half-yearly or yearly basis, in accordance with the relevant usual commercial practices and on fair and reasonable terms.

#### **Annual Caps and basis of determination**

##### *Historical transaction amounts*

The table below summarises the historical amount of the service fees paid by the Group (including the fees paid by the Group to Nanjing Hailan Huiyuan in relation to the Property Management Services provided during the three years ended 31 December 2021 (the “**Previous Transactions**”).

	<b>For the year ended 31 December 2020 (RMB)</b>	<b>For the year ended 31 December 2021 (RMB)</b>
Actual amount of service fees under the Previous Transactions	<u><u>2,238,000</u></u>	<u><u>5,850,000</u></u>

### *Annual Caps and basis of determination*

Pursuant to the Property Management Service Framework Agreement, the relevant Annual Caps for the transactions contemplated thereunder are as follows:

	<b>For the period from 1 January 2022 to 31 December 2022 (RMB)</b>	<b>For the period from 1 January 2023 to 31 December 2023 (RMB)</b>	<b>For the period from 1 January 2024 to 31 December 2024 (RMB)</b>
<b>Annual Caps</b>	<u>9,800,000</u>	<u>9,800,000</u>	<u>9,800,000</u>

The above Annual Caps were determined after having taken into account the historical and pre-existing transaction amounts and the other factors set out below:

- (a) the actual amount of the service fees paid under the Previous Transactions;
- (b) the aggregated amounts of the service fees paid and estimated to be paid by the Group to Nanjing Hailan Huiyuan for each of the two years ended 31 December 2021 are approximately RMB2,238,000 and RMB5,850,000, respectively pursuant to the property management service agreements entered into between the Group and Nanjing Hailan Huiyuan prior to the date of the Property Management Service Framework Agreement, in relation to the provision of the property management services by Nanjing Hailan Huiyuan to the Group covering the two years ended 31 December 2021 under the Previous Transactions. For details of the Previous Transactions, please refer to the Announcement;
- (c) the expected demand for Property Management Services by the Group based on:
  - (i) the amount of the service fees under the Previous Transactions for each of the two years ended 31 December 2021 which was higher in the year ended 31 December 2021 as the service fee for Danzhou project was relatively higher;
  - (ii) the Company expects that on average each sales centre will cost approximately RMB1.63 million each year and there will be approximately six development projects during each year ending 31 December 2022, 2023 and 2024;
  - (iii) the Company expects that three new property projects will be under development by the Group during the term of the Property Management Service Framework Agreement;
  - (iv) the estimated time of pre-sales and delivery of the property projects under development by the Group;
  - (v) the locations and types of the properties of and under development by the Group;
  - (vi) the expected types of Property Management Services required;

- (vii) the expected renewal of certain Previous Transactions upon their expiry during the term of the Property Management Service Framework Agreement; and
  - (viii) a reasonable buffer to allow for increase in demand for the Property Management Services;
- (d) the estimated fee rates chargeable by Nanjing Hailan Huiyuan for the provision of such services during the term of the Property Management Service Framework Agreement, with reference to the fees for the provision of similar services for similar types of properties under the relevant agreements entered into by the Group and Independent Third Parties, the standard price promulgated by the relevant government authorities of similar services and/or the market rates with reference to at least two service providers for the provision of services similar to the relevant property of the Group, and taking into account the impact of inflation.

## **PRICING POLICY**

During the term of the Property Management Service Framework Agreement, the Group may from time to time enter into Specific Agreements with Nanjing Hailan Huiyuan (or any of its subsidiaries) for the provision of relevant Property Management Services, in accordance with the principles and terms of the Property Management Service Framework Agreement. The Group adopts the following pricing policy for each Specific Agreement:

- (i) each Specific Agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (ii) the service fees shall be determined after the arm's length negotiations between both parties in respect of the terms and conditions of each Specific Agreement, to ensure that the service fees offered by Nanjing Hailan Huiyuan (or any of its subsidiaries) are no less favourable than those offered by other Independent Third Parties to Group; and
- (iii) in determining the service fee, the Group shall (a) refer to other transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) provided by Independent Third Parties to the Group or, (b) in the event that the Group has not previously entered into any transaction in relation to the similar services, the Group shall refer to the standard price promulgated by the relevant government authorities or those charged by at least two other property management companies in the PRC for comparable transactions, to negotiate with Nanjing Hailan Huiyuan and to ensure that the service fees offered by Nanjing Hailan Huiyuan are fair and reasonable and are no less favourable than those offered by other Independent Third Parties to Group or market terms.

## **INTERNAL CONTROL MEASURES**

The pricing policy for all of the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group to ensure that the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.



The relevant personnel and management of the Group will review and assess the terms before entering into a Specific Agreement to ensure they are consistent with the principles and provisions set out in the Property Management Service Framework Agreement.

Regular checks will be conducted to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of the related Specific Agreements and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. In addition, review reports containing details such as the latest utilisation rate of the relevant Annual Caps and the updated list of relevant continuing connected transactions, will be prepared by the relevant personnel of the Group on a biannual basis. In the event that the utilisation rate of the relevant Annual Cap reaches 80%, the Board will be informed for considering if the relevant Annual Cap shall be revised and, if so, the Company will further comply with relevant requirements under the Listing Rules.

The independent non-executive Directors and the independent auditor of the Company will also conduct an annual review on the pricing terms and the Annual Caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Property Management Service Framework Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

#### **REASONS FOR AND BENEFITS OF THE PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT**

Nanjing Hailan Huiyuan is principally engaged in the provision of property management services in the PRC. By entering into the Property Management Service Framework Agreement, the Group will be able to enjoy smooth and hassle-free Property Management Services to be provided by Nanjing Hailan Huiyuan (or any of its subsidiaries). The transactions contemplated under the Previous Transactions have continued for some time, which have been provided in the ordinary and usual course of business of the Group and Nanjing Hailan Huiyuan and are expected to continue.

The Property Management Service Framework Agreement sets out the principles for regulating such transactions and provides flexibility for the entering into of the Specific Agreements in respect of such continuing transactions (when they arise) as well as administrative convenience for the purpose of compliance with Chapter 14A of the Listing Rules.

In addition, as Nanjing Hailan Huiyuan has extensive experience in providing property management services in the PRC, the Board believes that it is beneficial to the business of the Group to engage Nanjing Hailan Huiyuan for providing the Property Management Services to the Group as it is competitive in terms of price, efficiency, quality and reliability in the provision of such services.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Management Service Framework Agreement and the transactions contemplated thereunder and the Annual Caps are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT**

### **Information on the Group**

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

### **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.

Mr. Zhang Jianing is a PRC merchant.

## **IMPLICATIONS UNDER THE LISTING RULES**

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 Framework Agreement 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 Framework Agreement 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 Framework Agreement 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 Framework Agreement 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 do not have any material interests in the Property Management Service Framework Agreement and therefore, no other Directors has abstained from voting on such Board resolutions.

## **DEFINITIONS**

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



“Annual Caps”	the maximum contractual sum payable by the Group to Nanjing Hailan Huiyuan for each financial year pursuant to the Property Management Service Framework Agreement for the period from 1 January 2022 to 31 December 2024
“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 in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party independent not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder of our Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Previous Transactions”	the continuing connected transactions contemplated under the property management service agreements entered into between the Group and Nanjing Hailan Huiyuan in relation to property management services as described in the Announcement

“Property Management Service”	the property management services as described under the scope of service of the Property Management Service Framework Agreement
“Property Management Service Fees”	the management service fees payable by the Group to Nanjing Hailan Huiyuan pursuant to the Property Management Service Framework Agreement
“Property Management Service Framework Agreement”	the property management service framework agreement entered into between the Company and Nanjing Hailan Huiyuan on 11 April 2022 in relation to the provision of property management services by Nanjing Hailan Huiyuan or its subsidiaries to the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholders of the Company
“Shares”	the shares of the Company
“Specific Agreement”	the specific individual agreement(s) that may be entered into between the relevant member(s) of the Group and Nanjing Hailan Huiyuan (or any of its subsidiaries) in relation to the provision of relevant Property Management Services by Nanjing Hailan Huiyuan to the Group, in accordance with the principles and terms of the Property Management Service Framework Agreement
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Hailan Holdings Limited**  
*Chairperson*  
**Zhou Li**

The PRC, 11 April 2022

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