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**Zhong Jia (International) Investment
Construction Company Limited**

(Incorporated in the BVI with limited liability)

**Hailan Holdings Limited
海藍控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2278)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION
BY WAY OF
VOLUNTARY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF
ZHONG JIA (INTERNATIONAL) INVESTMENT
CONSTRUCTION COMPANY LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
HAILAN HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT); AND
(2) RESUMPTION OF TRADING**

Financial Adviser to the Offeror



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

INTRODUCTION

After trading hours of the Stock Exchange on 27 April 2023, the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties).

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already acquired by the Offeror under the Offer. If the Offeror completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of listing of the Shares from the Stock Exchange.

THE OFFER

Yu Ming will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share. HK\$3.36 in cash

As at the date of this joint announcement, the Company has 300,000,000 Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company.

The Offeror and the Offeror Concert Parties in aggregate held 75% of the total number of shares in issue of the Company. The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing date, the Offer will lapse.

Principal terms of the Offer are set out under the paragraph headed “The Offer” of this joint announcement. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to satisfaction of requirements under Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror exercises such right and completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

GENERAL

Independent Board Committee

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, has been established to advise the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer is fair and reasonable and as to acceptance of the Offer.

Independent Financial Adviser

An independent financial adviser (with the approval from the Independent Board Committee) will be appointed to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Further announcement(s) will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days of the date of this joint announcement or such later date as the Executive may approve, an offer document is required to be despatched to the Shareholders. The Company is required to send the offeree board circular in respect of the Offer to the Shareholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the respective boards of the Offeror and the Company to combine the offer document and the offeree board circular into a composite document. It is expected that, the Composite Document (accompanied by the Form of Acceptance) containing, *inter alia*, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser (to be appointed) to the Independent Board Committee in respect of the Offer, will be despatched to the Independent Shareholders within 21 days of the date of this joint announcement.

Independent Shareholders should read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 28 April 2023 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 May 2023.

WARNING

Completion of the Offer is subject to the Condition being fulfilled. The Offer may or may not become unconditional and will lapse if it does not become unconditional. The issue of this joint announcement does not in any way imply that the Offer will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their professional stockbroker, bank manager, solicitor or other professional adviser.

INTRODUCTION

After trading hours of the Stock Exchange on 27 April 2023, the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties).

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already acquired by the Offeror under the Offer. If the Offeror completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of listing of the Shares from the Stock Exchange.

THE OFFER

Yu Ming will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share. HK\$3.36 in cash

As at the date of this joint announcement, the Company has 300,000,000 Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company.

Condition of the Offer

The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

As at the date of this joint announcement, the Offer Shares and the Disinterested Shares comprise 75,000,000 Shares in issue. Shareholders and potential investors should note that the number of the Offer Shares and the Disinterested Shares will be subject to changes for any dealings in the Shares by (i) the Offeror and Offeror Concert Parties; and (ii) the Offeror, its related corporations or their respective nominees, after the date of this joint announcement.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse.

As at the date of this joint announcement, the Condition has not been satisfied.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent). In accordance with Note to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to the acceptances and when the Offer becomes unconditional in all respects. Further, pursuant to Rule 15.3 of the Takeovers Code, the Offer must remain open

for acceptance for at least 14 days after the Offer becomes unconditional in all respects. The Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this 14-day period.

Comparison of value

The Offer Price of HK\$3.36 per Share represents:

- (i) a premium of approximately 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.00% over the average closing price of HK\$3.20 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 3.17% to the audited consolidated net assets attributable to owners of the Company of approximately HK\$3.47 per Share as at 31 December 2022 calculated based on the information as set out in the Company's financial report for the year ended 31 December 2022.

Highest and lowest closing prices of Shares

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Date was HK\$2.25 per Share from 27 October 2022 to 11 November 2022 and HK\$3.20 per Share on 28 February 2023 to 27 April 2023, respectively.

Offer consideration

The Offeror and Offeror Concert Parties are interested in 225,000,000 Shares, representing 75% of the total issued Shares. As a result, the total number of the Offer Shares will be 75,000,000 Shares. The total consideration payable by the Offeror under the Offer will be HK\$252,000,000.

Confirmation of financial resources

The Offeror intends to finance the Offer by way of internal resources. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

Subject to the satisfaction of the Condition, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code and have been received by the branch share registrar of the Company in Hong Kong, by accepting the Offer, by validly accepting the Offer, the Independent Shareholders would sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of the Composite Document. As at the date of this joint announcement, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Overseas Shareholders

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of an exempted company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholder in respect of such jurisdictions).

Any acceptance by any Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% (or part thereof) of (i) the consideration payable in respect of the relevant acceptance by the Independent Shareholders or (ii) if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the seller's

Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Once the Offer has become, or has been declared, unconditional in all respects, settlement in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven Business Days of the date of which (i) the Offer has become or is declared unconditional in all respects; or (ii) the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptances are received by the branch share registrar of the Company in Hong Kong complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code, whichever is later.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Return of documents

If the Offer does not become, or are not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the branch registrar of the Company in Hong Kong will be returned to the Shareholders who have accepted the Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event within ten days after the Offer has lapsed.

Other arrangements

The Offeror and the Offeror Concert Parties had not dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately preceding the date of this joint announcement.

The Offeror confirms that, as at the date of this joint announcement:

- (a) save for 225,000,000 Shares held by the Offeror and Offeror Concert Parties, the Offeror and Offeror Concert Parties do not own, control or have direction over any voting rights in any Shares nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company;

- (b) the Offeror and Offeror Concert Parties do not hold any Shares, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or Offeror Concert Parties;
- (d) other than the Offer, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (e) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or Offeror Concert Parties has/have borrowed or lent;
- (f) none of the Offeror nor any of the Offeror Concert Parties has received any irrevocable commitment to accept or reject the Offer;
- (g) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a precondition or a condition to the Offer;
- (h) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (i) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror and Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer; and
- (j) there is no other understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror or Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies.

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares

and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to satisfaction of requirements under Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, Shares of which have been listed on the Stock Exchange since 15 July 2016. The Group is principally engaged in development and sales of properties as well as development and lease of properties in the PRC.

Summary of the audited consolidated financial results of the Company as extracted from the annual reports for the year ended 31 December 2022 and 2021 are set out below:

	For the year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	720,670	557,571	1,391,710
Profit/(Loss) before income tax	185,424	90,301	(474,894)
Profit/(Loss) for the year	31,956	(41,720)	(627,853)
Profit/(Loss) attributable to:			
Owners of the Company	64,034	15,448	(631,634)
Non-controlling interests	(32,078)	(57,168)	3,781
Basic earnings/(loss) per Share attributable to owners of the Company (expressed in RMB per share)	0.21	0.05	(2.11)

The audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 were approximately RMB921,199,000 (approximately HK\$1,040,954,870) which was equivalent to approximately HK\$3.47 per Share and the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2021 were approximately RMB1,469,614,000 (approximately HK\$1,792,929,080) which was equivalent to approximately HK\$5.98 per Share.

Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after the completion of the Offer (assuming that the Offer is fully accepted by the Shareholders):

	As at the date of this joint announcement		Immediately after the completion of the Offer (assuming that the Offer is fully accepted by the Shareholders)	
	No. of Shares	%	No. of Shares	%
The Offeror	224,325,000	74.78%	299,325,000	99.78%
Zhong Ze (International) Investment Limited	<u>675,000</u>	<u>0.22%</u>	<u>675,000</u>	<u>0.22%</u>
The Offeror and Offeror Concert Parties	225,000,000	75.00%	300,000,000	100.00%
Public Shareholders	<u>75,000,000</u>	<u>25.00%</u>	<u>—</u>	<u>—</u>
Total	<u>300,000,000</u>	<u>100.00%</u>	<u>300,000,000</u>	<u>100.00%</u>

Notes: Mr. Yeung Man legally and beneficially owns the entire issued share capital of the Offeror and Zhong Ze (International) Investment Limited and is deemed, or taken to be, interested in all the shares held by Offeror and Zhong Ze (International) Investment Limited for the purposes of the SFO.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability, its principal business is investment holding. The Offeror is a wholly-owned by Mr. Yeung Man, a controlling Shareholder.

Reasons and benefits of the Offer

The Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory. Due to the low liquidity in the trading of its Shares, the Company's current listing status on the Stock Exchange no longer serves as a sufficient source of funding for the Company's business and growth. The possible withdrawal of the listing (if applicable) will give the Offeror more flexibility to support the future business development of the Group.

The Offer provides an attractive opportunity for the Shareholders to monetise their investment at a premium to the prevailing market price of the Shares. The Offer Price of HK\$3.36 per Share represents a premium of 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Date. The Offer Price also represents a premium of approximately 5.00% over the average closing prices of approximately HK\$3.20 per Share as quoted on the Stock Exchange for each of the 5, 10 and 30 trading days immediately prior to and including the Last Trading Date, respectively.

The average daily trading volume of the Shares for the six months up to and including the Last Trading Date was less than 1,000 Shares per day. The low trading liquidity of the Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Offeror intends to provide the Shareholders with an opportunity to realise their investment in the Company for cash at a compelling premium without any downward pressure on the Share price.

Intentions of the Offeror in relation to the Group

After completion of the Offer, it is the intention of the Offeror for the Group to maintain its existing principal businesses. As at the date of this joint announcement, the Offeror has no intention to discontinue the employment of any employees of the Company's subsidiaries. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company on any other overseas stock exchanges.

GENERAL

Independent Board Committee

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, has been established to advise the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer is fair and reasonable and as to acceptance of the Offer.

Independent Financial Adviser

An independent financial adviser (with the approval from the Independent Board Committee) will be appointed to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Further announcement(s) will be made by the Company as soon as possible after the appointment of the independent financial adviser.

Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days of the date of this joint announcement or such later date as the Executive may approve, an offer document is required to be despatched to the Shareholders. The Company is required to send the offeree board circular in respect of the Offer to the Shareholders within 14 days after the posting of the offer document, or such later date as the Executive may approve.

It is the intention of the respective boards of the Offeror and the Company to combine the offer document and the offeree board circular into a composite document. It is expected that, the Composite Document (accompanied by the Form of Acceptance) containing, *inter alia*, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of

advice from the Independent Financial Adviser (to be appointed) to the Independent Board Committee in respect of the Offer, will be despatched to the Independent Shareholders within 21 days of the date of this joint announcement.

Independent Shareholders should read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code) of the Offeror and the Company (including their respective holders having interests of 5% or more of any class of relevant securities of the Offeror or the Company) are reminded to disclose their dealings in the relevant securities in the Company in accordance with Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other person themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 28 April 2023 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 May 2023.

WARNING

Completion of the Offer is subject to the Condition being fulfilled. The Offer may or may not become unconditional and will lapse if it does not become unconditional. The issue of this joint announcement does not in any way imply that the Offer will be completed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their professional stockbroker, bank manager, solicitor or other professional adviser.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this joint announcement:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Takeovers Code
“Board”	means the board of Directors
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands
“Closing Date”	being the First Closing Date, or if the Offer is extended, any subsequent closing date(s) as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code.
“Company”	Hailan Holdings Limited (海藍控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board (Stock code: 2278)
“Composite Document”	the composite offer and response documents proposed to be jointly issued by the Offeror and the Company together with the Form of Acceptance to the Shareholders in connection with the Offer in compliance with the Takeovers Code
“Condition”	the condition to the Offer, as set out under the section headed “Condition of the Offer” in this announcement
“Director”	the director(s) of the Company
“Disinterested Shares”	all Shares other than those held by the Offeror and Offeror Concert Parties

“Encumbrance”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrances or other security arrangement of any kind; (ii) any option, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	being the date to be stated in the Composite Document, as the first closing date of the Offer in accordance to the Takeovers Code
“Form(s) of Acceptance”	the form(s) of acceptance and transfer in respect of the Offer accompanying the Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer is fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser”	independent financial adviser to be appointed for the purpose of advising the Independent Board Committee in respect of the Offer
“Independent Shareholders”	the Shareholders other than the Offeror and Offeror Concert Parties
“Last Trading Date”	27 April 2023, the last trading day for the Shares prior to the trading halt of the Shares pending publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Offer”	the voluntary conditional cash offer to be made by Yu Ming on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties)
“Offer Period”	has the meaning given to it under the Takeovers Code, being the period from the date of this joint announcement until the latest of: (i) the date when the Offer closes for acceptances; (ii) the date when the Offer lapses; (iii) the time when the Offeror announces that the Offer will not proceed; and (iv) the date when an announcement is made of the withdrawal of the Offer
“Offer Price”	the price at which the Offer is made, being HK\$3.36 per Offer Share
“Offer Share(s)”	all of the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror and/or Offeror Concert Parties
“Offeror”	Zhong Jia (International) Investment Construction Company Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Yeung Man
“Offeror Concert Parties”	parties acting in concert with the Offeror and/or Mr. Yeung Man
“Overseas Shareholders”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Offeror in respect of the Offer and privatisation
“%”	per cent.

By Order of the sole director of
**ZHONG JIA (INTERNATIONAL)
INVESTMENT CONSTRUCTION
COMPANY LIMITED**
Yeung Man
Director

By Order of the Board
HAILAN HOLDINGS LIMITED
Zhou Li
Chairperson

Hong Kong, 8 May 2023

As at the date of this joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the sole director of Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Yeung Man.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Company) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.