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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)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE COMPANIES

FORMATION OF JOINT VENTURE COMPANIES

The Board is pleased to announce that on 24 April 2019, Nanjing Hailan (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement A with Guangzhou Ruifeng, pursuant to which the parties agreed to establish the JV Company A in the PRC to principally engage in real estate development in the PRC.

The Board further announces that on 24 April 2019, Nanjing Hailan entered into the Cooperation Agreement B with Mr. Zhou, pursuant to which the parties agreed to establish the JV Company B in the PRC to principally engage in real estate development in the PRC.

As all applicable percentage ratios under Rule 14.07 of the Listing Rules are below 5%, the formations of each of the JV Company A under the Cooperation Agreement A and the JV Company B under the Cooperation Agreement B do not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

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FORMATION OF JOINT VENTURE COMPANIES

The Board is pleased to announce that on 24 April 2019, Nanjing Hailan (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement A with Guangzhou Ruifeng, pursuant to which the parties agreed to establish the JV Company A in the PRC to principally engage in real estate development in the PRC.

The Board further announces that on 24 April 2019, Nanjing Hailan entered into the Cooperation Agreement B with Mr. Zhou, pursuant to which the parties agreed to establish the JV Company B in the PRC to principally engage in real estate development in the PRC.

COOPERATION AGREEMENT A

The principal terms of the Cooperation Agreement A are set out as follows:

Date

24 April 2019

Parties

- (1) Nanjing Hailan; and
- (2) Guangzhou Ruifeng

Subject Matter

The JV Company A will be a company to be established in the PRC in accordance with the laws of the PRC and the provisions of the Cooperation Agreement A. Pursuant to the Cooperation Agreement A, Nanjing Hailan may advance up to RMB500 million to the JV Company A in 2019 in the form of shareholders' loan with an annual interest rate of 12%, subject to the capital needs of the JV Company A. The aforesaid advance of shareholders' loan, if materialised, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

The JV Company A shall principally engage in real estate investment, development and management in the PRC. Following the establishment of the JV Company A, it will become a non-wholly owned subsidiary of the Company and hence, the financial results and position of the JV Company A will be consolidated into the Company's financial statements.

Capital Contribution

Pursuant to the terms of the Cooperation Agreement A, the registered capital of the JV Company A is RMB50 million. Nanjing Hailan shall contribute RMB27,500,000, representing 55% of the registered capital of the JV Company A, whereas Guangzhou Ruifeng shall contribute RMB22,500,000, representing 45% of the registered capital of the JV Company A.

The capital of the JV Company A shall be satisfied in the following manner:

- (i) Nanjing Hailan and Guangzhou Ruifeng shall contribute RMB2,750,000 and RMB2,250,000, respectively within twenty (20) days after the establishment of the JV Company A;

- (ii) Nanjing Hailan and Guangzhou Ruifeng shall contribute RMB2,750,000 and RMB2,250,000, respectively within six (6) months after the establishment of the JV Company A; and
- (iii) Nanjing Hailan and Guangzhou Ruifeng shall contribute to the remaining share capital of the JV Company A in accordance with their equity interests and no later than five (5) years after the establishment of the JV Company A.

Guarantee

Mr. Zhu Huaiyu (朱懷宇), the controlling shareholder of Guangzhou Ruifeng, shall provide a personal guarantee to Nanjing Hailan that Guangzhou Ruifeng will make capital contribution in full in accordance with its equity interest in the JV Company A.

Composition of the Board of Directors

Pursuant to the Cooperation Agreement A, the board of directors of the JV Company A shall comprise five directors. Nanjing Hailan and Guangzhou Ruifeng shall be entitled to nominate three and two directors, respectively. A decision of the board of directors of the JV Company A requires the approval of two-thirds of the directors of the JV Company A.

COOPERATION AGREEMENT B

The principal terms of the Cooperation Agreement B are set out as follows:

Date

24 April 2019

Parties

- (1) Nanjing Hailan; and
- (2) Mr. Zhou

Subject Matter

The JV Company B will be a company to be established in the PRC in accordance with the laws of the PRC and the provisions of the Cooperation Agreement B. Pursuant to the Cooperation Agreement B, Nanjing Hailan may advance up to RMB500 million to the JV Company B in 2019 in the form of shareholders' loan with an annual interest rate of 12%, subject to the capital needs of the JV Company B. The aforesaid advance of shareholders' loan, if materialised, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

The JV Company B shall principally engage in real estate investment, development and management in the PRC. Following the establishment of the JV Company B, it will become a non-wholly owned subsidiary of the Company and hence, the financial results and position of the JV Company B will be consolidated into the Company's financial statements.

Capital Contribution

Pursuant to the terms of the Cooperation Agreement B, the registered capital of the JV Company B is RMB50 million. Nanjing Hailan shall contribute RMB32,500,000, representing 65% of the registered capital of the JV Company B, whereas Mr. Zhou shall contribute RMB17,500,000, representing 35% of the registered capital of the JV Company B.

The capital of the JV Company B shall be satisfied in the following manner:

- (i) Nanjing Hailan and Mr. Zhou shall contribute RMB3,250,000 and RMB1,750,000, respectively within thirty (30) days after the establishment of the JV Company B;
- (ii) Nanjing Hailan and Mr. Zhou shall contribute RMB3,250,000 and RMB1,750,000, respectively within twelve (12) months after the establishment of the JV Company B; and
- (iii) Nanjing Hailan and Mr. Zhou shall contribute to the remaining share capital of the JV Company B in accordance with their equity interests and no later than five (5) years after the establishment of the JV Company B.

Composition of the Board of Directors

Pursuant to the Cooperation Agreement B, the board of directors of the JV Company B shall comprise five directors. Nanjing Hailan and Mr. Zhou shall be entitled to nominate three and two directors, respectively. A decision of the board of directors of the JV Company B requires the approval of two-thirds of the directors of the JV Company B.

INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENTS

The Group and Nanjing Hailan

The Group is principally engaged in development and sales of properties as well as development and lease of properties in the PRC.

Nanjing Hailan is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development and equity investment.

Guangzhou Ruifeng

Guangzhou Ruifeng is a company established in the PRC and is principally engaged in property development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Guangzhou Ruifeng and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

Mr. Zhou

Mr. Zhou is a PRC resident and has rich experience in real estate investment and development in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Zhou is an Independent Third Party and has no relationship with Guangzhou Ruifeng as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE FORMATIONS OF THE JV COMPANIES

The Group has been making strenuous efforts in seeking new investment or business opportunities to broaden its sources of income. The Board believes that the entering into of the Cooperation Agreements will provide the Group with good opportunities to further enhance its capabilities in property development and diversity its businesses in other provinces of the PRC.

The Board (including the independent non-executive Directors) is of the view that the terms of each of the Cooperation Agreement A and the Cooperation Agreement B have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios under Rule 14.07 of the Listing Rules are below 5%, the formations of each of the JV Company A under the Cooperation Agreement A and the JV Company B under the Cooperation Agreement B do not constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

DEFINITIONS

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

“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 under the Listing Rules

“Cooperation Agreements”	collectively, the Cooperation Agreement A and the Cooperation Agreement B
“Cooperation Agreement A”	the cooperation agreement dated 24 April 2019 entered into between Nanjing Hailan and Guangzhou Ruifeng in relation to the formation of the JV Company A
“Cooperation Agreement B”	the cooperation agreement dated 24 April 2019 entered into between Nanjing Hailan and Mr. Zhou in relation to the formation of the JV Company B
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Ruifeng”	廣州瑞豐房地產開發有限公司 (Guangzhou Ruifeng Property Development Co., Ltd.*), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“JV Companies”	collectively, the JV Company A and the JV Company B
“JV Company A”	a joint venture company to be established in the PRC by Nanjing Hailan and Guangzhou Ruifeng pursuant to the Cooperation Agreement A
“JV Company B”	a joint venture company to be established in the PRC by Nanjing Hailan and Mr. Zhou pursuant to the Cooperation Agreement B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhou”	Zhou Xiaojun (周小俊), a PRC resident
“Nanjing Hailan”	南京海藍置業有限公司 (Nanjing Hailan Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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

“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Hailan Holdings Limited
Zhou Li
Chairperson

Hong Kong, 24 April 2019

As at the date of this announcement, the executive Directors are Ms. Zhou Li, Mr. Chen Xiang, Ms. Chan Si Yu and Ms. Fan Wenyi; the non-executive Director is Ms. Yao Yu; and the independent non-executive Directors are Mr. Li Yong, Mr. E Junyu and Dr. Zhao Guoqing.

* *For identification purpose only*