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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)

PROPOSED FURTHER EXPANSION IN THE USE OF PROCEEDS

References are made to (i) the prospectus of Hailan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2016 (the “**Prospectus**”) relating to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited; (ii) the announcement of the Company dated 1 June 2017 relating to the proposed change in the Use of Proceeds from the Global Offering (the “**Change in Use of Proceeds Announcement**”); and (iii) the announcement of the Company dated 7 May 2018 relating to the proposed expansion in the Use of Proceeds (the “**Expansion in Use of Proceeds Announcement**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces that the Company has decided to further expand the Use of Proceeds from the Global Offering in the manner as more particularly set out in this announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus, the Change in Use of Proceeds Announcement and the Expansion in Use of Proceeds Announcement.

INTENDED USE OF PROCEEDS

It was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus that the Company intended to use the net proceeds from the Global Offering of approximately HK\$262.4 million (assuming an Offer Price of HK\$4.15 per Share, being the mid-point of the indicative Offer Price range), after deducting underwriting fees and estimated expenses payable by the Company in relation to the Global Offering, for (i) approximately HK\$236.2 million, representing approximately 90% of the net proceeds for financing the development of Sanya Phoenix Aqua City South Shore Phase II; and (ii) approximately HK\$26.2 million, representing approximately 10% of the net proceeds, for working capital and other general corporate purposes.

In the event that the Company suffers any delay in the development of Sanya Phoenix Aqua City South Shore Phase II, the Company will apply 80% of the net proceeds which was intended to finance the development of Sanya Phoenix Aqua City South Shore Phase II in financing the development of Haikou Phoenix Aqua City Phase II, and 20% of such to Danzhou Phoenix Aqua City.

To the extent that the net proceeds are not immediately used for the purposes described above, they will be placed in short-term demand deposits with licensed banks or financial institutions.

As disclosed in the Change in Use of Proceeds Announcement, the Board resolved on 1 June 2017 to change the proposed use of the Net Proceeds to invest in short-term wealth management products, fund products with high security, and new potential property projects to be identified by the Group from time to time in the foreseeable future. As further disclosed in the Expansion in Use of Proceeds Announcement, the Board on 7 May 2018 further resolved to expand the abovementioned scopes of the Use of Proceeds to include investment in pharmaceuticals, biologics, medical services, devices and relevant entities (the “Use of Proceeds”).

The unutilised Net Proceeds amount to approximately HK\$227.7 million as at the date of this announcement.

PROPOSED FURTHER EXPANSION IN THE USE OF PROCEEDS

For the reasons set out in the paragraph below headed “REASONS FOR PROPOSED FURTHER EXPANSION IN THE USE OF PROCEEDS” of this announcement, the Board has resolved to further expand the abovementioned scopes of the Use of Proceeds as follows:

- (a) approximately HK\$204.93 million, representing approximately 90% of the unutilised Net Proceeds for properties development in Hong Kong and the USA and other aspects which have been approved previously; and
- (b) approximately HK\$22.77 million, representing approximately 10% of the unutilised Net Proceeds for general working capital.

REASONS FOR PROPOSED FURTHER EXPANSION IN THE USE OF PROCEEDS

As at the date of this announcement, the Net Proceeds has neither been applied to (i) the development of Haikou Phoenix Aqua City Phase II and Danzhou Phoenix Aqua City as the projects were at their preliminary stages of applying for the construction planning permits; nor (ii) investment in pharmaceuticals, biologics, medical services, devices and relevant entities as the Company has yet to identify any suitable investment opportunities. The Company also expects that the proceeds from the sales of Company’s properties will be able to provide sufficient cash flow for the development of Sanya Phoenix Aqua City South Shore Phase II, Haikou Phoenix Aqua City Phase II and Danzhou Phoenix Aqua City and fulfill the demand and potential growth for the Group’s need in the near future.

Taking into account the Group's current operation, the Company proposes to further expand the Use of Proceeds to the purposes set out above. Leveraging the Company's rich experience in properties' development and investment, the Board is of the view that the expansion in the use of the Net Proceeds will allow the Company to gradually tap into overseas properties market and facilitate efficient allocation of financial resources of the Group, which in turn shall further enhance the overall revenue, expand the income stream of the Group and pursue better investment return to the Company and the shareholders as a whole.

The Board is of the view that there are no material changes in the nature of business objectives as set out in the Prospectus and that the proposed expansion in the use of the Net Proceeds is in the interest of the Company and its shareholders as a whole.

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 3 June 2019

As at the date of this announcement, the executive Directors are Ms. Zhou Li, Mr. Chen Xiang, Ms. Fan Wenyi and Ms. Chan Si Yu; 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.