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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)

ACQUISITION OF PROPERTY

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The Board is pleased to announce that on 1 April 2022, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire, and the Seller agreed to dispose of, the Property, for a consideration of US\$10,096,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. The Directors consider that the Acquisition is a valuable investment opportunity for the Group as the Land Parcel is located in a desirable school district and the demand for both leasing and purchasing of new properties to be developed at the Land Parcel will be relatively higher.

Accordingly, the Directors believe that the Acquisition will strengthen and enhance the property investment portfolio of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is 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.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 1 April 2022, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire, and the Seller agreed to dispose of, the Property, for a consideration of US\$10,096,000.

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 1 April 2022

Parties: (1) the Purchaser (indirect wholly-owned subsidiary); and
(2) the Seller (an Independent Third Party).

Subject assets to be acquired

Pursuant to the terms of Sale and Purchase Agreement, the Purchaser agreed to acquire, and the Seller agreed to dispose of, the Property upon the terms contained therein.

The Property constitutes certain Land Parcel located at 1835 San Pablo Avenue, Berkeley, Alameda, California, United States with a total area of 19,353 square feet.

Consideration

The consideration payable by the Purchaser to the Seller through the Escrow Holder for the Property in the amount of US\$10,096,000 as total consideration shall be paid in cash or immediate available funds in the following manner:

- (a) a sum of US\$500,000, being the Initial Deposit within five (5) business days after the effective date;
- (b) a sum of US\$2,500,000, being the Second Deposit within ninety (90) days after the effective date;
- (c) the remaining balance of US\$7,096,000 shall be paid to the Escrow Holder upon Closing.

The consideration was determined after arm's length negotiations between the Purchaser and the Seller with reference to, among other things, the prevailing market value of comparable properties in nearby locations. The consideration will be fully funded by the internal resources of the Group.

Due Diligence

Pursuant to the Sale and Purchase Agreement, the Purchaser is entitled to carry out due diligence in respect of the Property during the Inspection Period. If the Purchaser, in its sole and absolute discretion, is not satisfied with the results of its due diligence of the Property, it shall have the right to terminate the Sale and Purchase Agreement on or before the Inspection Period ends, in which case the Initial Deposit shall be refunded to the Purchaser.

Conditions Precedent

The Purchaser's obligation to purchase the Property from the Seller shall be subject to the occurrence and/or satisfaction of the following conditions (or Purchaser's waiver thereof, it being agreed that Purchaser may waive any or all of such conditions):

- (a) All representations and warranties of Seller contained in the Sale and Agreement shall be materially true and correct as of the Closing, and Seller shall have materially performed all covenants, agreements and obligations required to be performed by it under the Sale and Purchase Agreement;
- (b) The Escrow Holder shall have agreed to issue to the Purchaser an owner's policy of title insurance as approved by the Purchaser during the Inspection Period, insuring title to the Property vested in the Purchaser in the amount of the Purchase Price, subject only to the permitted exceptions;
- (c) From and after the expiration of the Inspection Period, there shall have been no material adverse change in the Property or its condition;
- (d) On or before the Closing, the Seller shall have delivered to the Escrow Holder all closing documents required to be delivered by the Seller.

The Seller's obligation to sell the Property to the Purchaser shall be subject to the occurrence and/or satisfaction of the following conditions (or the Seller's written waiver thereof, it being agreed that Seller may waive any or all of such conditions):

- (a) On or before the Closing, the Purchaser shall have delivered to the Escrow Holder the balance of the Purchase Price (after application of the Deposit and subject to adjustments), together with any and all sums that to be paid by the Purchaser in connection with the Closing;
- (b) On or before the Closing, the Purchaser shall have delivered to the Escrow Holder all closing documents required to be delivered by the Purchaser; and
- (c) All representations and warranties of the Purchaser contained in the Sale and Purchase Agreement shall be materially true and correct as of the Closing, and Purchaser shall have materially performed all covenants, agreements and obligations required to be performed by it under the Sale and Purchase Agreement.

Closing

Subject to the Conditions Precedent, the Closing shall take place on the date that is 180 days after entering into the Sale and Purchase Agreement.

INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

Information on the Group

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

The Purchaser is a company incorporated in the State of California, the United States with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment.

Information on the Seller and the Escrow Holder

The Seller is a limited liability company incorporated in the State of Delaware, the United States which is principally engaged in the development and investment of real estate in California, the United States.

The Escrow Holder is engaged in the provision of title insurance protection and professional settlement services for real estate transactions.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller and the Escrow Holder and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE PROPERTY

The Property is located at 1835 San Pablo Avenue, Berkeley, Alameda, California, United States with a total area of 19,353 square feet.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. The Directors consider that the Acquisition is a valuable investment opportunity for the Group as the Land Parcel is located in a desirable school district and the demand for both leasing and purchasing of new properties to be developed at the Land Parcel will be relatively higher.

Furthermore, the Company intends to form a joint venture for the purpose of developing new properties on the Land Parcel. The Company intends to invite joint venture partner(s) to jointly develop the Property. As such, the Company may dispose of a minority stake in the Property for the purpose of the joint venture arrangements.

Accordingly, the Directors believe that the Acquisition will strengthen and enhance the property investment portfolio of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition is 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.

Completion is subject to the fulfilment or waiver of various Conditions Precedent and therefore the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company

DEFINITIONS

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

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| “Acquisition” | the acquisition of the Property contemplated under the Sale and Purchase Agreement |
| “Board” | the board of Directors |
| “Closing” | the closing of the Acquisition under the Sale and Purchase Agreement |
| “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) |
| “Director” | the director(s) of the Company |
| “Escrow Holder” | First American Title Insurance Company, a company which provides title insurance protection and professional settlement services and the escrow holder for the Acquisition |
| “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 |

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| “Initial Deposit” | the initial deposit of US\$500,000 which is payable within five business days after the date of the Sale and Purchase Agreement |
| “Inspection Period” | forty-five (45) days after the date of entering into the Sale and Purchase Agreement to investigate and evaluate the Property and all matters relevant to its acquisition, use, ownership and operation |
| “Land Parcel” | certain parcel of land located at 1835 San Pablo Avenue, in the city of Berkeley, in the county of Alameda, State of California, United States |
| “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 |
| “Property” | the Land Parcel, all improvements on the Land Parcel and any and all rights, privileges, easements and appurtenances owned by the Seller in relation to the Land Parcel |
| “Purchaser” | Hylan Investment, Inc., a limited liability company incorporated in the State of California, the United States and an indirect wholly-owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the purchase and sale agreement entered into between the Seller and the Purchaser on 1 April 2022 in relation to the acquisition of the Property |
| “Second Deposit” | the second deposit of US\$2,500,000 which is payable within 90 business days after the date of the Sale and Purchase Agreement |
| “Seller” | San Pablo Investors One, LLC, a limited liability company incorporated in the States of Delaware, the United States |
| “Shareholder(s)” | the shareholders of the Company |
| “Shares” | the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “United States” | the United States of America |

“US\$” the United States dollars, the lawful currency of the United States

“%” per cent

By order of the Board
Hailan Holdings Limited
Chairperson
Zhou Li

The PRC, 1 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.