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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Hailan Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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)**

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN  
RELATION TO RENEWAL OF CONSTRUCTION COOPERATION  
FRAMEWORK AGREEMENT  
AND  
NOTICE OF THE EGM**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

 **中毅資本有限公司**  
**Grand Moore Capital Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out from pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on page 16 to 17 of this circular. A letter from the Independent Financial Adviser, is set out on pages 18 to 29 of this circular.

A notice convening the EGM to be held at 11/F., Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on 29 April 2019, Monday at 11:00 a.m., is set out on pages 39 to 40 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

26 March 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2019 Renewal Framework Agreement”	the new construction cooperation framework agreement entered into among the Company, Sanya Fenghuang Xincheng, Sanya Fenghuang Shuiyun, Hainan Nanhai Xiang Long, Danzhou Shuang Lian and Nanjing Huizhi on 25 January 2019
“Announcement”	the announcement of the Company dated 25 January 2019 in relation to, among other things, the 2019 Renewal Framework Agreement and the transactions contemplated thereunder
“Annual Cap(s)”	the maximum aggregate annual transaction value in respect of the fees of constructions contracts payable to Nanjing Huizhi by the Company under the 2019 Renewal Framework Agreement for the three financial years ending 31 December 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 as ascribed to it under the Listing Rules
“Construction Cooperation Framework Agreement”	the framework construction services agreement dated 8 April 2016 entered into among the Company, Sanya Fenghuang Xincheng, Sanya Fenghuang Shuiyun, Hainan Nanhai Xiang Long, Danzhou Shuang Lian and Nanjing Huizhi as disclosed in the Prospectus
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules

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## DEFINITIONS

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“Danzhou Shuang Lian”	Danzhou Shuang Lian Properties Development Company Limited* (儋州雙聯房地產開發有限公司), a company established in the PRC with limited liability, which is indirectly held as to 60% by the Company and directly held as to 40% by Nanjing San Long Cement Company Limited* (南京三龍水泥有限責任公司), which is in turn held as to 100% by 20 PRC natural persons who are Independent Third Parties
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the approval of the 2019 Renewal Framework Agreement and the proposed Annual Caps by the Independent Shareholders
“Group”	the Company and its subsidiaries from time to time
“Hainan Nanhai Xiang Long”	Hainan Nanhai Xiang Long Properties Development Limited* (海南南海翔龍房地產開發有限公司), a company established in the PRC with limited liability, which is indirectly held as to 100% by the Company
“HKD” or “HK\$”	Hong Kong dollars, 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 (which comprises Mr. Li Yong, Mr. E Junyu and Dr. Zhao Guoqing, all of them are independent non-executive Directors) established to advise the Independent Shareholders in respect of the discloseable and continuing connected transaction contemplated under the 2019 Renewal Framework Agreement and the proposed Annual Caps
“Independent Financial Adviser”	Grand Moore Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the discloseable and continuing connected transactions contemplated under the 2019 Renewal Framework Agreement and the related Annual Caps

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## DEFINITIONS

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“Independent Shareholder(s)”	Shareholders other than Mr. Yeung Man, his respective associates and all other Shareholders who are materially interested in the 2019 Renewal Framework Agreement, the discloseable and continuing connected transaction contemplated thereunder and the related Annual Caps
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected person(s)
“Latest Practicable Date”	21 March 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nanjing Huizhi”	Nanjing Huizhi Construction Installation Engineering Company Limited* (南京惠智建築安裝工程有限公司), a company established in the PRC with limited liability which is indirectly held as to 100% by Mr. Yeung Man
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, Macao S.A.R. and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Sanya Fenghuang Shuiyun”	Sanya Fenghuang Shuiyun Property Development Company Limited* (三亞鳳凰水韻房地產開發有限公司), a company established in the PRC with limited liability, which is indirectly held as to approximately 97% by the Company
“Sanya Fenghuang Xincheng”	Sanya Fenghuang Xincheng Industry Company Limited* (三亞鳳凰新城實業有限公司), a company established in the PRC with limited liability, which is indirectly held as to 100% by the Company
“Share(s)”	ordinary shares(s) of nominal value of HK\$0.01 in the capital of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Zhou Li (*Chairman*)  
Mr. Chen Xiang  
Ms. Fan Wenyi  
Ms. Chan Si Yu

*Registered Office:*

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY-1108  
Cayman Islands

*Non-executive Director:*

Ms. Yao Yu

*Head office and principal place of business  
in the Peoples' Republic of China:*

*Independent Non-executive Directors:*

Mr. Li Yong  
Mr. E Junyu  
Dr. Zhao Guoqing

2/F, No. 1 Building Hampton by Hilton  
No. 169 Yu Lin Road  
Tianya District  
Sanya, the Hainan Province, The PRC

*Head office and principal place of  
business in Hong Kong:*

Room 1603, 16/F,  
China Building,  
29 Queen's Road Central  
Central, Hong Kong

26 March 2019

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF CONSTRUCTION COOPERATION FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

Reference is made to the Announcement of the Company dated 25 January 2019 in relation to the renewal of the Construction Cooperation Framework Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the 2019 Renewal Framework Agreement and the proposed Annual Caps; (ii) the recommendation from the Independent Board Committee in respect of the terms of the 2019 Renewal Framework Agreement and the Annual Caps; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2019 Renewal Framework Agreement and the Annual Caps; and (iv) the notice of the EGM.

### THE 2019 RENEWAL FRAMEWORK AGREEMENT

The principal terms of the 2019 Renewal Framework Agreement are summarised as follows:

Date	:	25 January 2019 (after trading hours)
Parties	:	(1) The Company; (2) Sanya Fenghuang Xincheng; (3) Sanya Fenghuang Shuiyun; (4) Hainan Nanhai Xiang Long; (5) Danzhou Shuang Lian; and (6) Nanjing Huizhi (as subcontractor).
Term	:	The 2019 Renewal Framework Agreement shall be effective from 1 January 2019 up to 31 December 2021
Services to be provided	:	Nanjing Huizhi has agreed to provide construction services to the Group according to the construction contracts to be entered into between Nanjing Huizhi and the Group from time to time
Condition	:	The 2019 Renewal Framework Agreement shall be conditional on the passing of an ordinary resolution at the EGM by the Independent Shareholders to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps
Construction Fees and Payment Terms	:	To be specified in the construction contracts to be entered into between Nanjing Huizhi and the Group from time to time



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## LETTER FROM THE BOARD

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### PRICING POLICY

The construction fees as contemplated under the 2019 Renewal Framework Agreement will be determined by reference to the prevailing market prices of similar construction services taking into consideration of the experience, terms of service and expected quality rendered by Nanjing Huizhi. The Group will invite approved and shortlisted independent service providers to submit their bids for the construction services. By comparing the bids of each bidder, the Group shall be able to ensure that the terms of service offered by Nanjing Huizhi are no less favourable to the Group than those available from independent service providers. Furthermore, the Group will determine whether viable alternatives of comparable quality can be obtained in a timely manner.

### SELECTION PROCESS OF CONSTRUCTION COMPANIES

Under the Tendering and Bidding Law (招標投標法) and the Measures for the Bid Invitation and Bid Tendering for Construction and Engineering Projects (工程建設項目施工招標投標辦法), tenders are classified into public tenders and invitation tenders. All tenders of the Group are by invitations.

For invitation tenders, the Group shall issue tender invitations to at least three specified legal persons or other organizations with the capability to undertake construction projects as well as good reputation and credibility.

Under the requirements of the relevant PRC laws and regulations, for a project for which a tender must be made in respect of construction works, if the number of bidders submitting tender documents is less than three, the tenderer shall make a new tender after analyzing the reason for the failure of the tender and adopt corresponding measures in accordance with the law. If the number of bidders for the new tender is still less than three, the tenderer may decide not to make the tender again with the approval of the competent authority if the project is a construction project subject to approval, or may decide on its own not to make the tender again for other construction projects.

In view of Nanjing Huizhi's extensive industry experience in completing sizeable project development and their quality of construction work provided to the Group, the Directors (including the independent non-executive Directors) are of the view that it is in the interests of the Group and the Shareholders as a whole to continue to engage Nanjing Huizhi to provide the construction services to the Group's property projects provided that Nanjing Huizhi has fulfilled (i) the requirements of the selection of construction companies under the relevant PRC laws and regulations; and (ii) the selection criteria under the tender process as set out above.

The Directors (including the independent non-executive Directors) believe that the construction services currently provided to the Group by Nanjing Huizhi are in the ordinary and usual course of business, conducted on normal commercial terms and fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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In selecting the Group's potential bidders, including Nanjing Huizhi, for a project, the Group considers, among others, the following factors: their fee quotes, the quality of construction work, compliance with the construction schedules, the types of qualification licences that they hold and the sizes and composition of their management teams.

During the last three financial years of the Company, the fee quotes offered by Nanjing Huizhi for the Group's project developments were comparable to, and not significantly different from, the other construction contractors in the market.

As a bidder may not be selected if the fee quote is not within a reasonable range and that the terms offered by Nanjing Huizhi were on terms no less favourable than those offered by other Independent Third Party construction companies, with the overall terms and services offered by Nanjing Huizhi taking into account, the Directors consider that the construction services provided by Nanjing Huizhi to the Group were on normal commercial terms during the last three financial years of the Company.

In light of the list of potential bidders participated in the bidding process of the Group's property projects in the past, it is expected that in case Nanjing Huizhi does not submit tender bids for the provision of construction services to the Group's future property projects, there will be other comparable construction companies available for the provision of construction services to the Group.

### INTERNAL CONTROL

The Group will continue to adopt the existing measures to protect the interests of the Independent Shareholders, which include (i) independence in selection process; and (ii) independent review of construction services provided by Nanjing Huizhi.

(i) Independence in Selection Process

The Group will continue to adopt an independent mechanism to govern and monitor the selection process for the Company's potential bidders, of which an internal tender review committee comprising members appointed by the independent non-executive Directors and accountable to the independent non-executive Directors, had been established for reviewing the terms and conditions of tenders, complying with the relevant laws and regulations and screening out unsuitable tenders.

(ii) Independent Review of Construction Services Provided by Nanjing Huizhi

The Company will continue inviting independent qualified engineering supervisory companies to provide monthly reports regarding the construction progress and the quality of the constructions services, and the views and recommendations of the Company's independent non-executive Directors will be adopted by the Company. The internal tender review committee of the Company is required to give a written approval if there are any modifications on the scope of work, construction schedule or other relevant information.

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## LETTER FROM THE BOARD

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The Company's external auditors will review the transactions as contemplated under the 2019 Renewal Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant Annual Caps have been exceeded.

The Directors consider that the existing internal control system of the Group is adequate to ensure that the transactions as contemplated under the 2019 Renewal Framework Agreement will be on normal commercial terms and no less favourable to the Company than those offered by the Independent Third Parties.

### HISTORICAL AGGREGATE TRANSACTIONS VALUES

The table below sets out (1) the historical actual amounts of construction fees payable by the Group to Nanjing Huizhi for the two financial years ended 31 December 2016 and 31 December 2017 and for the nine months ended 30 September 2018; and (2) the existing annual caps for the construction fees payable by the Group to Nanjing Huizhi for the three financial years ended 31 December 2018.

<i>(in RMB'000)</i>	Actual construction fees payable to Nanjing Huizhi			Existing annual caps		
	For the year ended 31 December 2016	For the year ended 31 December 2017	For the nine months ended 30 September 2018	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ending 31 December 2018
Total amount	46,083	285,207	18,541	50,540	399,404	501,722

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## LETTER FROM THE BOARD

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### THE PROPOSED ANNUAL CAPS

Sanya Phoenix Aqua City South Shore Phase II with a site area of 356,572.1 square metres and a planned gross floor area (“GFA”) of 617,580.0 square metres, will be developed by stages. The first stage construction of the residential villas commenced at the early 2018 and be completed by the second half of 2020, the second stage construction of high-rise residential apartments is expected to commence in early 2019 and be completed by the second half of 2022, the third stage construction of commercial properties and services apartments is expected to commence in late 2019 and be completed by the second half of 2021 and the commencement of the fourth stage construction of the residential properties will depend on the market needs and the government policies. It is expected that Sanya Phoenix Aqua City South Shore Phase II will be fully completed after 2024. The Group estimates that the expected total development costs will be approximately RMB5,249.6 million, of which approximately RMB1,759.8 million had been incurred up to 31 December 2018.

The scope of the Renewal Framework Agreement covers the Group’s projects on Sanya Phoenix Aqua City South Shore Phase II. The Company expects that the Annual Caps in respect of the transactions contemplated under the 2019 Renewal Framework Agreement for the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 will be as follows:–

Project Phase	Estimated Annual Caps (RMB’000)		
	For the year ending 31 December		
	2019	2020	2021
Sanya Phoenix Aqua City South Shore Phase II	279,531	279,889	260,814

### Details of construction project phases undertaken by Nanjing Huizhi

As at the Latest Practicable Date, Nanjing Huizhi had undertaken several uncompleted construction projects of the Sanya Phoenix Aqua City South Shore Phase II with the Group. As part of its construction services, Nanjing Huizhi had procured some of the construction materials for the Group for the three years ended 31 December 2018 and such purchase amounts were, and will continue to be, included in the total construction fees paid and payable by the Company to Nanjing Huizhi.

Each of the Annual Caps has been determined by reference to:

- (a) the historical annual or annualized amounts in respect of the construction services provided by Nanjing Huizhi to the Group for the two financial years ended 31 December 2016 and 31 December 2017 and for the nine months ended 30 September 2018; and

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## LETTER FROM THE BOARD

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- (b) the projected annual or annualized amounts in respect of the construction services to be provided by Nanjing Huizhi to the Group, in the next three financial years, having taken into account:
- the existing uncompleted construction projects/project phases;
  - the estimated construction schedule of the Group's new property development projects that the Group expects to undertake;
  - the anticipated inflation and increase in development cost; and
  - adjustments for non-recurring or extraordinary items

On the principal assumptions that, for the duration of the projected period, (i) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group; and (ii) the construction industries which the Group operates will have steady growth.

**Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.**

### **REASONS FOR, AND BENEFITS OF, ENTERING INTO OF THE 2019 RENEWAL FRAMEWORK AGREEMENT**

The transactions contemplated under the 2019 Renewal Framework Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The 2019 Renewal Framework Agreement entered into has been agreed on arm's length basis and on normal commercial terms.

The Directors (including the Independent non-executive Directors whose views are contained in the letter from the Independent Board Committee) consider that the terms of the 2019 Renewal Framework Agreement and the Annual Caps are fair and reasonable and on normal commercial terms and the entering into of the 2019 Renewal Framework Agreement is in the interests of the Company and the Shareholders as a whole.

### **GENERAL INFORMATION ON THE PARTIES TO THE AGREEMENT**

#### **The Group**

The Group is a property developer primarily focusing on residential property development in the Hainan Province of the PRC.

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## LETTER FROM THE BOARD

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### **Sanya Fenghuang Xincheng**

Sanya Fenghuang Xincheng is a company incorporated with limited liability in the PRC, which is indirectly held as to 100% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development and operation.

### **Sanya Fenghuang Shuiyun**

Sanya Fenghuang Shuiyun is a company incorporated with limited liability in the PRC, which is indirectly held as to approximately 97% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### **Hainan Nanhai Xiang Long**

Hainan Nanhai Xiang Long is a company incorporated with limited liability in the PRC, which is indirectly held as to 100% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### **Danzhou Shuang Lian**

Danzhou Shuang Lian is a company incorporated with limited liability in the PRC, which is indirectly held as to 60% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### **Nanjing Huizhi**

Nanjing Huizhi is a company incorporated with limited liability in the PRC and is indirectly held as to 100% by Mr. Yeung Man (“**Mr. Yeung**”) as at the Latest Practicable Date. It is principally engaged in real estate development and construction.

## **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Nanjing Huizhi is indirectly wholly-owned by Mr. Yeung, one of the controlling Shareholders of the Company who indirectly holds approximately 75% of the total number of issued Shares. Nanjing Huizhi is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Based on the Annual Caps of the 2019 Renewal Framework Agreement, as at least one of the applicable percentage ratios under the Listing Rules exceeds 5%, the entering into of the 2019 Renewal Framework Agreement by the Company constitutes (i) a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Zhong Jia (International) Investment Construction Company Limited (“**Zhong Jia (International)**”) is beneficially owned by Mr. Yeung and his associates, which control or are entitled to exercise control over the voting rights of

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## LETTER FROM THE BOARD

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224,325,000 Shares, representing approximately 74.78% of the issued share capital of the Company. Any Shareholder with a material interest in the 2019 Renewal Framework Agreement and the transactions contemplated thereunder and his associates shall abstain from voting at the EGM. Therefore, Mr. Yeung and his associates are required to abstain from voting on the resolution to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholders will be required to abstain from voting on the resolution to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps at the EGM.

As Ms. Zhou Li (being an executive Director of the Company and a cohabiting spouse of Mr. Yeung) is deemed to be interested in the transactions contemplated under the 2019 Renewal Framework Agreement, Ms. Zhou Li is required to abstain from voting on the board resolutions to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps at the EGM. Save as disclosed aforesaid, none of the Directors have a material interest in the transactions contemplated under the 2019 Renewal Framework Agreement and accordingly, was required to abstain from voting on the board resolutions to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps at the EGM.

### **INDEPENDENT BOARD COMMITTEE**

The Company has established an Independent Board Committee (comprising all independent non-executive Directors, namely, Dr. Zhao Guoqing, Mr. E Junyu and Mr. Li Yong) for providing advice to the Independent Shareholders on whether the terms of 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps are fair and reasonable, and whether they are in the interests of the Company and the Shareholders as a whole. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

Having considered the appropriate internal control procedures in place and the pricing policies with respect to the 2019 Renewal Framework Agreement, the methods and procedures established by the Company to ensure the strict compliance with the pricing policies and that the transactions contemplated thereunder 2019 Renewal Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, the independent non-executive Directors are of the view that the 2019 Renewal Framework Agreement and the transactions contemplated thereunder are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INDEPENDENT FINANCIAL ADVISER

The Company has appointed Grand Moore Capital Limited as the Independent Financial Adviser of the Company for providing advice to the Independent Board Committee and the Independent Shareholders on whether the terms of 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps are fair and reasonable, and whether they are in the interests of the Company and the Shareholders as a whole. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 29 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders indicates that the Independent Financial Adviser considers the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

### THE EGM

A notice convening the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps to be held at 11/F., Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong on 29 April 2019, Monday at 11:00 a.m..

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution set out in the notice of the EGM will be taken by way of poll.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company under Rule 13.39(5) of the Listing Rules.



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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

Having considered the factors mentioned above, the Directors (including the Independent non-executive Directors) are of the view that the 2019 Renewal Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2019 Renewal Framework Agreement and the transactions contemplated thereunder and the Annual Caps.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders on the terms of the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps; and (ii) the letter of advice from the Independent Financial Advisor as set out on pages 18 to 29 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders on the terms of the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps, together with the principal factors and reasons considered by it in concluding its advice; (iii) the information set out in the appendix of this circular.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices and the notice of the EGM, which form part of this circular.

By Order of the Board  
**Hailan Holdings Limited**  
**Zhou Li**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

26 March 2019

*To the Independent Shareholders*

Dear Sir or Madam,

#### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF CONSTRUCTION COOPERATION FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 26 March 2019 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you as to whether, in our opinion, the terms of the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps in connection therewith, are on normal commercial terms and in the ordinary and usual course of business of the Group and that the 2019 Renewal Framework Agreement and the transactions contemplated thereunder and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 18 to 29 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 15 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms and conditions of the 2019 Renewal Framework Agreement and the advice and recommendation of Grand Moore Capital Limited, we consider that the terms of the 2019 Renewal Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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in favour of the ordinary resolution(s) to be proposed at the EGM to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps.

Yours faithfully,

For and on behalf of the Independent Board Committee of

**Hailan Holdings Limited**

**Mr. Li Yong**

**Mr. E Junyu**

**Dr. Zhao Guoqing**

**Independent non-executive Directors**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Unit 1607, 16/F., Silvercord Tower 1, 30 Canton Road  
Tsim Sha Tsui, Kowloon, Hong Kong

26 March 2019

*To the Independent Board Committee and  
the Independent Shareholders of  
Hailan Holdings Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF CONSTRUCTION COOPERATION FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders in respect of the 2019 Renewal Framework Agreement and the continuing connected transactions contemplated thereunder (including the proposed Annual Caps) (collectively, the “**Transactions**”); (ii) give our recommendation as to whether the Transactions are in the interest of the Company and the Shareholders as a whole; and (iii) advise the Shareholders on how to vote at the EGM. Details of the Transactions are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 26 March 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context requires otherwise.

Reference is made to the Prospectus. On 8 April 2016, the Company, Sanya Fenghuang Xincheng, Sanya Fenghuang Shuiyun, Hainan Nanhai Xiang Long, Danzhou Shuang Lian and Nanjing Huizhi, have entered into the Construction Cooperation Framework Agreement under which Nanjing Huizhi has agreed to be engaged as the sub-contractor to provide construction services to the Group in relation to certain of the Group’ property projects pursuant to a series of construction contracts.

Since the Construction Cooperation Framework Agreement has been expired on 31 December 2018 and the Company expects that the transaction will continue thereafter, the Board announced that on 25 January 2019, the relevant parties to the Construction Cooperation Framework Agreement, which include the Company, Sanya Fenghuang Xincheng, Sanya Fenghuang Shuiyun, Hainan Nanhai Xiang Long, Danzhou Shuang Lian and Nanjing Huizhi, have agreed to continue with the arrangement under the Construction Cooperation Framework Agreement after the expiry of its term upon similar terms and/or covering similar scope of services as in the Construction Cooperation Framework Agreement by entering into of the 2019 Renewal Framework Agreement, of which it extends the Construction Cooperation Framework Agreement for three financial years commencing from 1 January 2019 to 31 December 2021.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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As such, the Company intends to seek approvals from the Independent Shareholders in respect of the 2019 Renewal Framework Agreement, the continuing connected transaction contemplated thereunder and the proposed Annual Caps.

As at the Latest Practicable Date, Nanjing Huizhi is indirectly wholly-owned by Mr. Yeung, one of the controlling Shareholders of the Company who indirectly holds approximately 75% of the total number of issued Shares. Nanjing Huizhi is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Based on the Annual Caps of the 2019 Renewal Framework Agreement, as at least one of the applicable percentage ratios under the Listing Rules exceeds 5%, the entering into of the 2019 Renewal Framework Agreement by the Company constitutes (i) a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all of the Independent Non-executive Directors of the Company, namely Mr. Li Yong, Mr. E Junyu and Dr. Zhao Guoqing, has been established to advise the Independent Shareholders on whether the 2019 Renewal Framework Agreement and the proposed Annual Caps are fair and reasonable.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions. In the last two years, we have not acted as any financial adviser role to the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling shareholders that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the management of the Company (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

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

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors:

#### 1. Background information of the parties to the Transactions

##### 1.1 Background information of the Group

As stated in the Letter from the Board, the Company is an investment holding company. The activity of its principal operating subsidiaries includes residential property development in the Hainan Province of the PRC. Certain summary financial information of the Group as extracted from the Company's latest published financial statement, i.e. its interim report for the six months ended 30 June 2018 (the "Interim Report") is set out below.

	For the six months ended	
	30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	898,413	823,078
Profit attributable to shareholders of the Company	120,466	75,299
	As at	
	30 June	31
	2018	December
	RMB'000	RMB'000
	(unaudited)	(audited)
Total assets	5,545,348	5,194,638
Total liabilities	3,489,605	3,259,117
Net assets attributable to shareholders of the Company	1,745,490	1,606,571

During the six months ended 30 June 2018, the Company recorded unaudited consolidated revenue of approximately RMB898,413,000, representing an increase of approximately 9.2% when compared to the unaudited consolidated revenue of approximately RMB823,078,000 recorded during the six months ended 30 June 2017. The Interim Report attributes the increase in revenue primarily due to the sales of multi-storey apartment with relatively higher average selling price ("ASP"). The Company further recorded unaudited consolidated profit attributable to shareholders of the Company of approximately RMB120,466,000 for six months ended 30 June 2018,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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representing an increase of approximately 60.0% as compared to the six months ended 30 June 2017. The Interim Report attributes the increase in profit attributable to Shareholders to the increase of gross profit (which in turn is due to increase in ASP for properties delivered), the decrease of finance cost and increase of investment income and bank interest income from structural products and bank deposits. It is stated in the Interim Report that the Group will continue to implement the established strategy of the Group prudently with a focus on high-end property development in tourist areas in the PRC.

As at 30 June 2018, the Group had unaudited total assets, total liabilities and net assets attributable to shareholders of the Company of approximately RMB5,545,348,000, RMB3,489,605,000 and RMB1,745,490,000 respectively.

### ***1.2 Background information of Sanya Fenghuang Xincheng***

Sanya Fenghuang Xincheng is a company incorporated with limited liability in the PRC, which is indirectly held as to 100% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development and operation.

### ***1.3 Background information of Sanya Fenghuang Shuiyun***

Sanya Fenghuang Shuiyun is a company incorporated with limited liability in the PRC, which is indirectly held as to approximately 97% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### ***1.4 Background information of Hainan Nanhai Xiang Long***

Hainan Nanhai Xiang Long is a company incorporated with limited liability in the PRC, which is indirectly held as to 100% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### ***1.5 Background information of Danzhou Shuang Lian***

Danzhou Shuang Lian is a company incorporated with limited liability in the PRC, which is indirectly held as to 60% by the Company as at the Latest Practicable Date. It is principally engaged in real estate development.

### ***1.6 Background information of Nanjing Huizhi***

Nanjing Huizhi is a company incorporated with limited liability in the PRC and is indirectly held as to 100% by Mr. Yeung as at the Latest Practicable Date. It is principally engaged in real estate development and construction.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons for, and benefits of, entering into of the 2019 Renewal Framework Agreement

It is stated in the Letter from the Board that the transactions contemplated under the 2019 Renewal Framework Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The 2019 Renewal Framework Agreement entered into has been agreed on arm's length basis and on normal commercial terms.

The Directors (including the independent non-executive Directors whose views are contained in the letter from the Independent Board Committee) consider that the terms of the 2019 Renewal Framework Agreement and the Annual Caps are fair and reasonable and on normal commercial terms and the entering into of the 2019 Renewal Framework Agreement is in the interests of the Company and the Shareholders as a whole.

### 3. The 2019 Renewal Framework Agreement

#### 3.1 *The principal terms*

As extracted from the Letter from the Board, the principal terms of the 2019 Renewal Framework Agreement are set out below:

Date	:	25 January 2019 (after trading hours)
Parties	:	(1) The Company; (2) Sanya Fenghuang Xincheng; (3) Sanya Fenghuang Shuiyun; (4) Hainan Nanhai Xiang Long; (5) Danzhou Shuang Lian; and (6) Nanjing Huizhi (as subcontractor).
Term	:	The 2019 Renewal Framework Agreement shall be effective from 1 January 2019 up to 31 December 2021
Services to be provided	:	Nanjing Huizhi has agreed to provide construction services to the Group according to the construction contracts to be entered into between Nanjing Huizhi and the Group from time to time
Condition	:	The 2019 Renewal Framework Agreement shall be conditional on the passing of an ordinary resolution at the EGM by the Independent Shareholders to approve the 2019 Renewal Framework Agreement, the transactions contemplated thereunder and the Annual Caps
Construction Fees and Payment Terms	:	To be specified in the construction contracts to be entered into between Nanjing Huizhi and the Group from time to time

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It is further stated in the Letter from the Board that the construction fees as contemplated under the 2019 Renewal Framework Agreement will be determined by reference to the prevailing market prices of similar construction services taking into consideration of the experience, terms of service and expected quality rendered by Nanjing Huizhi. The Group will invite approved and shortlisted independent service providers to submit their bids for the construction services. By comparing the bids of each bidder, the Group shall be able to ensure that the terms of service offered by Nanjing Huizhi are no less favourable to the Group than those available from independent service providers. Furthermore, the Group will determine whether viable alternatives of comparable quality can be obtained in a timely manner.

### *3.2 Our analysis regarding the 2019 Renewal Framework Agreement*

We have reviewed the 2019 Renewal Framework Agreement which mentions that the terms of services to be rendered by Nanjing Huizhi to the Group as contemplated under the 2019 Renewal Framework Agreement is no less favourable to the Group than those available from Independent Third Parties. In that connection, the Group will invite approved and shortlisted independent service providers and Nanjing Huizhi to submit the bids for the construction services, in order to determine which of the service provider will be suitable to participate in the tender for the relevant construction service projects. Please refer to the sections headed “Selection process of construction companies” and “Internal control” in the Letter from the Board for further information on the selection process adopted by the Group. We are of the view that the terms of the 2019 Renewal Framework Agreement are no less favourable to the Group.

We have also obtained and reviewed the relevant documents of the tender process related to Nanjing Huizhi’s existing construction service contracts with the Group. The selection criteria and process are in line with the corporate governance practices related to selection process of construction companies which is set out in the Prospectus. According to the relevant documents of the tender process, Nanjing Huizhi was the bidder with the lowest bid price and therefore, it has successfully won the relevant contracts. Based on the above, we are of the view that the tender process of the Group is fair and reasonable.

We note from our review of the construction service contracts that as Nanjing Huizhi submitted the winning bid in the tenders for the relevant construction service, Nanjing Huizhi would become the only service provider of those types of construction service. Since no other contracts with Independent Third Parties for same construction service are available for our review, we have obtained the construction service contract entered into between the Group and Independent Third Parties for other construction services to compare with the principal terms of the construction service contracts entered into between the Group and Nanjing Huizhi. As confirmed by the management of the Group, there was no new construction service contracts for the year ended 31 December 2016. We have reviewed at least three samples of construction service contract which arose out of the Group’s tendering process for each of the two years ended 31 December 2018 as provided by the Group’s management. Although the nature of construction services may be different, the principal terms of the construction service contracts would not be materially affected by the nature of the construction

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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services such that we are of the view that the comparison still provides us with a reasonable basis to determine whether the principal terms are fair and reasonable. We have compared the principal terms such as the payment terms, the terms of overdue compensation and the terms of quality maintenance period of the existing construction service contracts entered into between the Group and Nanjing Huizhi which are similar with those under the construction service contract entered into between the Group and Independent Third Parties. We are of the view that the terms of the service contracts under the Construction Cooperation Framework Agreement are on normal commercial terms. As the management of the Group has advised us that the construction service contracts under the 2019 Renewal Framework Agreement will be substantially under the same terms as those under the Construction Cooperation Framework Agreement, we are of the view that the construction services contracts under the 2019 Renewal Framework Agreement will also be on normal commercial terms based on our aforementioned works.

In addition, we have also reviewed the internal control measures which include (i) independence in selection process; and (ii) independent review of construction services provided by Nanjing Huizhi, for monitoring the fairness of the transaction contemplated under the 2019 Renewal Framework Agreement and for ensuring that the transaction conducted under such agreement are entered into based on normal commercial terms. For the independence in selection process, the relevant procedures of the tender process have shown that the Company's internal tender review committee is responsible to review the terms and conditions of competing bids and screen out unsuitable bids. The internal tender review committee is also responsible to review and approve the tenders to determine the suitable construction service provider. For the tenders mentioned in the Prospectus, we have reviewed three set of the tender documents entered into between the Group and Nanjing Huizhi as provided by the Group's management. Every tender was reviewed by the internal tender review committee and won by Nanjing Huizhi as the lowest price bidder which are in compliance with the internal control measures. We have also reviewed the profiles of all members of the Company's internal tender review committee during the three years ended 31 December 2018 as provided by the Group's management. They have relevant experiences in the property development sector for more than ten years and most of them have professional qualifications in engineering and/or construction. Since (i) members of the internal tender review committee possess the requisite experience and qualification to discharge its function; and (ii) the internal tender review committee has demonstrated its performance in the tenders reviewed by us as mentioned above, we consider that the internal tender review committee is capable of fully implementing the relevant internal control measure for the transactions arising out of the 2019 Renewal Framework Agreement. For the independent review of construction services provided by Nanjing Huizhi, we have obtained and reviewed samples of the monthly reports regarding the construction progress and the quality of construction services prepared by independent qualified engineering supervisory companies which had been provided to the independent non-executive Directors to review.

After having conducted the aforementioned works, we are of the view that the terms of the 2019 Renewal Framework Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3.3 The proposed Annual Caps

The following table sets out the amount of previous continuing connected transactions between the Group and Nanjing Huizhi under the Construction Cooperation Framework Agreement for the years ended 31 December 2016, 2017 and 2018:

	For the year ended 31 December		
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
Actual construction fees payable to Nanjing Huizhi	46,083	285,207	18,541 (Note)
Existing annual caps under the Construction Cooperation Framework Agreement	50,540	399,404	501,722
Utilization rate (%)	91.2	71.4	4.9

Note: Actual construction fees payable for the period from 1 January up to 30 September 2018

The proposed Annual Caps for the years ending 31 December 2019, 2020 and 2021 under the 2019 Renewal Framework Agreement are set out below:

Project Phase	Estimated Annual Caps		
	For the year ending 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Sanya Phoenix Aqua City South Shore Phase II	279,531	279,889	260,814

As stated in the Letter from the Board, as at the Latest Practicable Date, Nanjing Huizhi had undertaken several uncompleted construction projects of the Sanya Phoenix Aqua City South Shore Phase II with the Group. As part of its construction services, Nanjing Huizhi had procured some of the construction materials for the Group for the three years ended 31 December 2018 and such purchase amounts were, and will continue to be, included in the total construction fees paid and payable by the Company to Nanjing Huizhi.

Each of the Annual Caps has been determined by reference to:

- (a) the historical annual or annualized amounts in respect of the construction services provided by Nanjing Huizhi to the Group for the two financial years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018; and
- (b) the projected annual or annualized amounts in respect of the construction services to be provided by Nanjing Huizhi to the Group, in the next three financial years, having taken into account:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- the existing uncompleted construction projects/project phases;
- the estimated construction schedule of the Group’s new property development projects that the Group expects to undertake;
- the anticipated inflation and increase in development cost; and
- adjustments for non-recurring or extraordinary items.

On the principal assumptions that, for the duration of the projected period, (i) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group; and (ii) the construction industries which the Group operates will have steady growth.

To assess the reasonableness of the proposed Annual Caps under the 2019 Renewal Framework Agreement, we have carried out certain steps including the followings:

We have reviewed the historical aggregate transactions values and utilization rate from the year ended 31 December 2016 to the nine months ended 30 September 2018 and note that the utilization rate of the existing annual caps decreased from approximately 91.2% for the year ended 31 December 2016 to 4.9% for the nine months ended 30 September 2018 (on an annualized basis). We have discussed with the management of the Group and understand that the decrease was principal due to the significant uncertainties in the development process of two the Group’s property development projects, Haikou Phoenix Aqua City Phase II (“**Phase II**”) and Danzhou Phoenix Aqua City (“**Phoenix Aqua City**”). As mentioned in the Company’s announcements dated 25 January 2018 and 11 May 2018 respectively, the relevant government authority has (i) recovered a parcel of land comprising the Phase II without compensation for the reason that the land was unable to be developed and constructed on schedule; and (ii) recovered the five parcels of land comprising the Phoenix Aqua City without compensation for the reason that the lands were unable to be developed and constructed on schedule. Therefore, the construction services originally envisaged to be provided by Nanjing Huizhi had to be withheld which caused a significant decrease in the transaction value for the year ended 31 December 2018. To schedule the construction development plan for the three years ending 31 December 2021, the management of the Group has taken into account the litigation status of Phase II and Phoenix Aqua City. Subsequently, the relevant court ruled that the Group succeeded in the administrative proceeding against the relevant government authority and dismissed the decision in relation to the recovery of the land use right of Phase II for the reasons that the decision was made without sufficient evidence and was not applied with applicable laws as mentioned in the Company’s announcement dated 9 January 2019. The relevant government authority has made an application to appeal against the aforesaid administrative judgment as mentioned in the Company’s announcement dated 26 February 2019. For the Phoenix Aqua City, the relevant court ruled that the Group succeeded in the administrative proceeding against the relevant government authority and dismissed the decision in relation to the three of the five parcels of land

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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comprising the Phoenix Aqua City for the reason that the relevant decisions were made without sufficient evidence and not fully consistent with the actual circumstances. As mentioned in the Company's announcement dated 26 February 2019, the Group has made an application to appeal against the administrative judgment in relation to the remaining two of the five parcels of land comprising the Phoenix Aqua City and the relevant government authority has made an application to appeal against the administrative judgment aforesaid in relation to the three of the five parcels of land comprising the Phoenix Aqua City. The management of the Group considered that the above issue still caused an uncertainty to the schedule of Phase II and Phoenix Aqua City development plans. As such, the development plans of Phase II and Phoenix Aqua City have been excluded in the construction development plan for the three years ending 31 December 2021 which will not have any impact on the proposed Annual Caps.

We have obtained and reviewed the construction development plan provided by the Group's management. The estimated transaction amount with Nanjing Huizhi was based on the expenses of certain kinds of construction service which Nanjing Huizhi has the requisite qualifications to become one of the potential service providers. Therefore, the Company estimated the maximum transaction values for those construction service expenses which may be bided by Nanjing Huizhi arising out of the continuing connected transactions under the 2019 Renewal Framework Agreement. Based on the information provided by the Group's management, such estimated amount of construction service expenses is in line with the Group's construction development plan, and the proposed Annual Caps of approximately RMB279,531,000, RMB279,889,000 and RMB260,814,000 for the years ending 31 December 2019, 2020 and 2021 respectively are in line with the aforementioned management's estimation of the amounts of potential construction service expenses under the continuing connected transactions pursuant to the 2019 Renewal Framework Agreement.

In view of (i) the Transactions under the 2019 Renewal Framework Agreement is a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group; (ii) the construction services provided by Nanjing Huizhi are crucial in the ongoing construction projects of the Group which directly affect the Group's daily business operations; (iii) the Group's selection process for construction contractors is no less favourable to the Group and complies with the internal control procedures; (iv) the pricing of the relevant historical construction service contracts entered into the Group and Nanjing Huizhi represent the lowest bid prices in the Group's tenders and the relevant terms are therefore fair and reasonable as discussed in section 3.2 of this letter; and (v) the Annual Caps for the years ending 31 December 2019, 2020 and 2021 are in line with the estimated construction service expenses as per the Group's development plan for its property development projects, we are of the view that the proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the principal factors and reasons above, we are of the opinion that the terms of the Transactions (including the continuing connected transactions contemplated under the 2019 Renewal Framework Agreement and the proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Transactions.

Yours faithfully,  
For and on behalf of  
**Grand Moore Capital Limited**  
**Kevin So**  
*Director*

*Note:* Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and, in respect of equity derivatives, underlying Shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or members of the Group (i) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (a) Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of Shares held	Approximate % of the issued shares capital of the Company as at the Latest Practicable Date
Ms. Zhou Li	Interest of spouse	225,000,000 (Note 1)	75%

*Notes:*

- 225,000,000 shares of the Company are held by Zhong Jia (International) and Zhong Ze (International) Investment Company Limited (“**Zhong Ze (International)**”) as to 224,325,000 shares and 675,000 shares, respectively. Mr. Yeung beneficially owns 100% of the issued share capital of Zhong Jia (International) and Zhong Ze (International) and is deemed, or taken to be, interested in all the shares held by Zhong Jia (International) and Zhong Ze (International) for the purposes of the SFO. Mr. Yeung and Ms. Zhou Li have declared that they are cohabiting as spouse. Accordingly, Ms. Zhou Li is deemed, or taken to be, interested in the Shares in which Mr. Yeung is interested for the purpose of the SFO.
- As at the Lastest Practicable Date, the total number of issued shares of the Company was 300,000,000.



**(b) Long position in the shares of associated corporation****(i) Long Position Zhong Jia (International) and Zhong Ze (International)**

<b>Name of Director Or Chief Executive</b>	<b>Name of associate corporation</b>	<b>Capacity</b>	<b>Number and class of securities held/ interested in</b>	<b>Approximately percentage of registered capital</b>
Ms. Zhou Li (Note)	Zhong Jia (International)	Interest of spouse (Note 1)	1 ordinary share	100%
	Zhong Ze (International)	Interest of spouse (Note 1)	7,000 ordinary shares	100%

*Note 1:* Mr. Yeung owns 100% interest in Zhong Jia (International) and Zhong Ze (International). Mr. Yeung and Ms. Zhou Li have declared that they are cohabiting as spouse. Accordingly, Ms. Zhou Li is deemed, or taken to be, interested in the Shares of Zhong Jia (International) and Zhong Ze (International) in which Mr. Yeung is interested for the purpose of the SFO.

**(ii) Long Position in Sanya Hui Xin Trading Company Limited**

<b>Name of Director Or Chief Executive</b>	<b>Capacity</b>	<b>Number and class of securities held/ interested in</b>	<b>Approximately percentage of registered capital</b>
Ms. Zhou Li	Beneficiary of a trust (Note 1)	RMB3,750,000 paid up registered capital	6.56%
Ms. Fan Wenyi	Beneficiary of a trust (Note 1)	RMB1,000,000 paid up registered capital	1.75%
Mr. Chen Xiang	Beneficiary of a trust (Note 1)	RMB300,000 paid up registered capital	0.53%

*Note 1:* Each of the target participants and their percentage of equity interest to be interested in Sanya Hui Xin Trading are set out in the section headed PRE-IPO SHARE INCENTIVE SCHEME of Interim Report 2018.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or

debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or members of the Group (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

#### DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number and class of securities held/interest in	Approximate % of issued share capital of the Company as at the Latest Practicable Date
Zhong Jia (International) (Note 1)	Beneficial owner	224,325,000 Shares	74.78%
Ms. Zhou Li (Note 2)	Interest of spouse	224,325,000 Shares	74.78%

*Notes:*

- 224,325,000 shares of the Company are held by Zhong Jia (International). Mr. Yeung beneficially owns 100% of the issued share capital of Zhong Jia (International) and is deemed, or taken to be, interested in all the shares held by Zhong Jia (International) for the purposes of the SFO. Mr. Yeung is the sole director of Zhong Jia (International).
- Mr. Yeung and Ms. Zhou Li have declared that they are cohabiting as spouse. Accordingly, Ms. Zhou Li is deemed, or taken to be, interested in the Shares of Zhong Jia (International) and Zhong Ze (International) in which Mr. Yeung is interested for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the substantial shareholder of the Company (not being Directors or the chief executives of the Company) has any interests or short positions in the Shares or underlying Shares (i) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or (ii) required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

### 3. DIRECTORS' INTERESTS

#### Interests in assets

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2017, the date to which the latest published audited financial statements of the Group were made up.

#### Interests in contracts

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholders or any of their respective associates had an interest in a business which competes or may compete with the business of the Group or had any other conflict of interest which any such person has or may have with the Group.

### 5. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within two years immediately preceding the date of this circular: –

- the joint venture agreement dated 30 October 2018 entered into among the Company, Ms. Han Yurong (“**Ms. Han**”) and Mr. Huang Heng (“**Mr. Huang**”) in relation to the formation and the management of Crossland Development Inc., for an aggregate capital contribution of US\$10,000,000, of which the Company, Ms. Han and Mr. Huang contributed US\$5,800,000, US\$4,000,000 and US\$200,000 respectively.
- the loan agreement dated 30 October 2018 entered into between the Company and Ms. Han pursuant to which the Company agreed to advance a loan of US\$2,000,000 to Ms. Han.
- the loan agreement dated 30 October 2018 entered into between the Company and Mr. Huang pursuant to which the Company agreed to advance a loan of US\$100,000 to Mr. Huang.

- the share charge dated 30 October 2018 entered into between the Company and Ms. Han in relation to Ms. Han’s equity interests over Crossland Development Inc.
- the share charge dated 30 October 2018 entered into between the Company and Mr. Huang in relation to Mr. Huang’s equity interest over Crossland Development Inc.
- the subscription agreements dated 12 December 2016 and 1 March 2017 entered into between Sanya Fenghuang Shuiyun and Bank of Communications, Haikou World Trade Branch (“**BOC**”) in relation to the subscription of wealth management products denominated in RMB issued by BOC, as disclosed in the Company’s announcement dated 17 March 2017, at a consideration of RMB50 million and RMB200 million respectively.
- the subscription agreement dated 1 August 2017 entered into between the Company and Wing Lung Asset Management Limited (“**WLAM**”) in relation to the subscription of financial investment management products issued by WLAM, as disclosed in the Company’s announcement dated 1 August 2017, at a total consideration of HK\$249 million, with HK\$62.25 million in Wing Lung Ortus Fund, HK\$24.9 million in discretionary segregated managed accounts (equity) and HK\$161.85 million in discretionary segregated managed accounts (fixed income) respectively.

## 6. LITIGATION

### (a) Haikou Phoenix Aqua City Phase II

On 17 January 2018, Hainan Nanhai Xiang Long received a decision from the Haikou People’s Government in relation to its confiscating of the state-owned construction land use right of a parcel of land owned by Hainan Nanhai Xiang Long located to the north of Bin Hai Xi Lu (濱海西路), Haikou, with a total site area of approximately 88,209.07 square metres (the land certificate number being Hai Kou Shi Guo Yong (2008) No. 001431 (海口市國用(2008)第001431號)) (Haikou Phoenix Aqua City Phase II (the “**Phase II**”)) (without compensation) for the reason that the land parcel has not been developed and constructed on schedule (the “**Haikou Decision**”). On 15 June 2018, the Group has formally instituted an application of administrative proceeding on the Haikou Decision to the Intermediate People’s Court of Haikou City\* (海口市中等級人民法院) (the “**Haikou Court**”).

On 28 December 2018, the Haikou Court issued its administrative judgment on the administrative proceeding in relation to the Phase II. The Haikou Court ruled that the Group succeeded in its administrative proceeding against Haikou People’s Government and dismissed the decision in relation to the recovery of the land use right of Haikou project without compensation by the Haikou People’s Government for the reasons (among others) that the decision was made without sufficient evidence and was not applied with the applicable laws.

On 13 February 2019, Hainan Nanhai Xiang Long received an appeal notice from the Haikou Court that the Haikou People's Government has made an application to appeal against the administrative judgment made by the Haikou Court on 28 December 2018 on the administrative proceeding in relation to the Phase II.

For details, please refer to the announcements of the Company dated 25 January 2018, 31 January 2018, 26 June 2018, 9 January 2019 and 26 February 2019.

(b) Danzhou Phoenix Aqua City

In May 2018, Danzhou Shuang Lian collected the state-owned construction land use right decisions issued by the Danzhou People's Government ("**Danzhou Decisions**") which state that on 30 December 2017, 13 February 2018 and 2 March 2018, Danzhou Phoenix Aqua City ("**Danzhou Phoenix Aqua City**"), the five land parcels developed by Danzhou Shuang Lian located on the section of Binhai Avenue, Southern Area, Baimajing Town (the land certificate number being Dan Guo Yong (2010) Nos. 710, 711, 712, 713 and 714\* (儋國用(2010)第710、711、712、713及714號)), with a total site area of approximately 385,395.83 square metres (the "**Lands**") was recovered without compensation for the reason that the Lands was unable to be developed and constructed on schedule. On 20 July 2018, the Group formally instituted an application of administrative proceeding on the Danzhou Decision to the Second Intermediate People's Court of Hainan Province (海南省第二中級人民法院)(the "**Hainan Court**") and the case has accepted on 24 July 2018.

On 14 December 2018, the Hainan Court issued its administrative judgments on the administrative proceedings in relation to the Lands. Hainan Court ruled that the Group succeeded in its administrative proceedings against Danzhou People's Government and dismissed the decisions in relation to the three land parcels with a total site area of approximately 272,046.53 square metres for the reasons (among others) that the relevant decisions were made without sufficient evidence and not fully consistent with the actual circumstances. Hainan Court ruled that the Danzhou People's Government succeeded in the administrative proceedings regarding the remaining two land parcels with site area of approximately 113,349.30 square metres.

On 25 December 2018, the Group lodged an appeal at the Hainan Court against the administrative judgments in relation to the two land parcels with a total site area of approximately 113,349.30 square metres. Also, the Group received summons dated 15 February 2019 from the Higher People's Court of Hainan Province that the Danzhou People's Government lodged appeal against the administrative judgments in relation to the three land parcels with a total site area of approximately 272,046.53 square metres.

For details, please refer to the announcements of the Company dated 11 May 2018, 24 July 2018, 21 December 2018 and 26 February 2019.

Save as disclosed above, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

## 7. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 8. EXPERTS AND CONSENTS

The following are the qualifications of the expert who has given opinions or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Grand Moore Capital Limited	A licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under SFO

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/ or the references to its name in the form and context in which it appears.

## 9. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 10. GENERAL

- (a) The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and

- (c) The company secretary of the Company is Kung Wai Chiu Marco, who is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong and the chartered secretary both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal office of the Company in Hong Kong at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 5 to 15 of this circular;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (d) the letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 29 of this circular;
- (e) the written consent from the experts referred to in the section headed "Experts and Consents" of this appendix;
- (f) the 2019 Renewal Framework Agreement;
- (g) the Construction Cooperation Framework Agreement;
- (h) the material contracts as referred to in the section headed "Material Contracts" in this appendix;
- (i) the annual reports of the Company for each of the two financial years ended 31 December 2016 and 2017 respectively; and
- (j) this circular.

## 12. MISCELLANEOUS

For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

Except for the above, the English text of this circular shall prevail over the Chinese text in the event of inconsistency.



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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Hailan Holdings Limited (the “Company”) will be held at 11/F., Grand Millennium Plaza, 181 Queen’s Road Central, Sheung Wan, Hong Kong on 29 April 2019, Monday at 11:00 a.m. or any adjournment thereof to consider and, if thought fit, to pass with or without amendments, the following resolutions:

#### **ORDINARY RESOLUTION**

1. “**THAT**

- (a) the 2019 Renewal Framework Agreement dated 25 January 2019 entered into among the Company, Sanya Fenghuang Xincheng Industry Company Limited, Sanya Fenghuang Shuiyun Property Development Company Limited, Hainan Nanhai Xiang Long Properties Development Limited, Danzhou Shuang Lian Properties Development Company Limited and Nanjing Huizhi Construction Installation Engineering Company Limited (the “**2019 Renewal Framework Agreement**”) (a copy of which is produced to the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification) be and is hereby approved, confirmed and ratified;
- (b) the Annual Caps for the three years ending 31 December 2021 in relation to the transactions contemplated under the 2019 Renewal Framework Agreement and the transactions contemplated thereunder be and hereby approved, confirmed and ratified; and
- (c) any one or more of the directors of the Company be and is hereby authorized, for and on behalf of the Company, to exercise all the powers of the Company, to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to take all steps and do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the 2019 Renewal Framework Agreement and the transactions contemplated thereunder.”

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

26 March 2019

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## NOTICE OF EGM

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*Notes:*

1. Any member entitled to attend and vote at the EGM (and any adjournment of such meeting) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the EGM (and any adjournment of such meeting). A proxy needs not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date of its execution, except at an adjourned Meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Completion and return of the proxy form does not preclude a member from attending and voting in person at the EGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.
6. Where there are joint holders of any shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. A form of proxy for use at the meeting is enclosed herewith.