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SPRINGLAND
Springland International Holdings Limited
華地國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1700)

MAJOR TRANSACTION – ACQUISITION OF PROPERTY

THE ACQUISITION

The Board is pleased to announce that after trading hours of the Stock Exchange on 18 June 2019, Jiangyin Yaohan (an indirectly wholly-owned subsidiary of the Company) being the Purchaser, and Jiangyin Yunlong, being the Vendor, entered into the Property Framework Cooperation Agreement. Pursuant to which both parties agreed to the lease-purchase manner for the Purchaser to operate the Property at the Consideration of RMB1,020,000,000 (inclusive of tax). On the same date, the Vendor and the Purchaser also entered into the Property Tenancy Agreement. Pursuant to which the Vendor has agreed to lease the Property to the Purchaser, prior to completing the transfer of ownership to the Purchaser as shown on the real estate certificate.

LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Agreements and the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting. Octopus (China) Holdings Limited ("**Octopus China**"), being the controlling shareholder of the Company holding 1,442,500,000 Shares, representing approximately 72.85% of the total number of issued shares of the Company as at the date of this announcement, and Octopus China controlled or was entitled to exercise control over the voting rights in respect of these

Shares has given a written approval to the Agreements and the Acquisition. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Agreements and the Acquisition.

DESPATCH OF CIRCULAR

A circular containing further information in relation to the Acquisition is expected to be despatched to the Shareholders on or before 9 July 2019.

The Board is pleased to announce that after trading hours of the Stock Exchange on 18 June 2019, the Purchaser, an indirectly wholly-owned subsidiary of the Company, and the Vendor entered into the Property Framework Cooperation Agreement pursuant to which both parties agreed to the lease-purchase manner for the Purchaser to operate the Property.

THE PROPERTY FRAMEWORK COOPERATION AGREEMENT

The principal terms of the Property Framework Cooperation Agreement are summarised below:

| | |
|---------|--|
| Date: | 18 June 2019 |
| Parties | (1) Jiangyin Yaohan (as the Purchaser) |
| | (2) Jiangyin Yunlong (as the Vendor) |

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are Independent Third Parties not connected with the Company and its connected persons (as defined in the Listing Rules).

Property to be acquired

The Property to be acquired by the Purchaser from the Vendor is located between east of Zhencun Road, south of Huancheng South Road, west of Hongqiao South Road, north of Zhongwei Road of Chengjiang Street, Jiangyin City, Jiangsu Province, PRC. The site area of the land is 57,802 square meters, which is planned for commercial and business use. The Vendor is currently constructing a five-storey with a mezzanine floor commercial building aboveground as the Jiufang Square shopping centre project at this area, with a gross floor area of about 101,035 square meters above ground for the exclusive usage of the Purchaser. In addition, the Purchaser will also possess the exclusive rights to one underground storey (with a gross floor area of about 10,100 square meters), around 800 car parking spaces, plant room, outdoor plaza and roof space. The Purchaser will also possess the rights to the Property's roof, curtain wall, and the right to name the Property is vested with the Purchaser after the completion of transfer of ownership as shown on the real estate certificate.

According to the unaudited management accounts of the Vendor as at 31 December 2018, the total book value of the Property was approximately RMB1,035,230,474.

Consideration

The Consideration is RMB1,020,000,000 (inclusive of tax), which shall be paid by the Purchaser by way of cash in the following manner:

1. initial deposit of RMB204,000,000, within 7 business days after signing of the Property Framework Cooperation Agreement;
2. RMB204,000,000, within 7 business days after the delivery of the Property pursuant to the Property Framework Cooperation Agreement;
3. RMB204,000,000, before 3 January 2020;
4. RMB204,000,000, within 7 business days after both parties jointly confirm with the relevant government authority that the Vendor obtains the real estate certificate, and immediately initiates transfer of ownership to the Purchaser;
5. RMB204,000,000, within 7 business days after the completion of transfer of ownership to the Purchaser as shown on the real estate certificate.

The Consideration was determined after arm's length negotiations between both parties by reference to the prevailing market conditions, as well as the location of the Property and market price of comparable properties in the same area. A full valuation report on the Property will be prepared for inclusion in the Circular to be despatched to the Shareholders as required under the Listing Rules. It is expected that the Consideration will be financed by the own funds of the Group.

The Purchaser and the Vendor will also enter into the Property Tenancy Agreement (as detailed below). Pursuant to the agreement, the Vendor will lease the Property to the Purchaser, prior to completing the transfer of ownership to the purchaser as shown on the real estate certificate. In accordance with the Property Framework Cooperation Agreement, there shall be deducted from the consideration the the aggregate rent paid during the term, in order to determine the final consideration of the Property.

Effective date of the Property Framework Cooperation Agreement and delivery

The Property Framework Cooperation Agreement will become effective upon signing and stamping by both parties.

The Property is currently under construction, which is expected to be delivered before 1 September 2019 pursuant to the terms in the Property Framework Cooperation Agreement.

Other provisions

If the Vendor cannot obtain the real estate certificate and complete the transfer of ownership for the Property to the Purchaser, 48 months after the commencement of commercial operation of the Property, the Purchaser may elect not to accept the transfer of property and continue to execute the Property Tenancy Agreement (as detailed below).

If the Purchaser elects not to proceed the acquisition of the Property, the Vendor must make an one-off cash payment by returning the amount overcharged and capital occupancy fee as calculated at 150% of bank loan benchmark interest rate with correspondence period from the date of payment by the Purchaser.

PROPERTY TENANCY AGREEMENT

The Board further announces that in connection with the Property Framework Cooperation Agreement, Jiangyin Yunlong (as the lessor) and the Jiangyin Yaohan (as the lessee) entered into the Property Tenancy Agreement on 18 June 2019. Pursuant to the Property Tenancy Agreement, Jiangyin Yunlong will lease to Jiangyin Yaohan and Jiangyin Yaohan will lease from Jiangyin Yunlong the Property, prior to Jiangyin Yunlong (as the Vendor) completing the transfer of ownership to the Jiangyin Yaohan (as the Purchaser) as shown on the real estate certificate.

The principal terms of the Property Tenancy Agreement are summarised below:

- Date: 18 June 2019
- Parties: (1) Jiangyin Yaohan (as the Lessee)
- (2) Jiangyin Yunlong (as the Lessor)

Pursuant to the Property Tenancy Agreement, the term of the lease is 20 years from 1 September 2019 to 31 August 2039. If Jiangyin Yunlong is unable to deliver the Property by 1 September 2019, term and commencement date will be extended accordingly. The rents during the term are listed as follow:

| Rental Period | Annual Rents (RMB) |
|------------------------------------|-------------------------------|
| 1 September 2019 to 31 August 2020 | 5,000,000 |
| 1 September 2020 to 31 August 2021 | 5,000,000 |
| 1 September 2021 to 31 August 2022 | 20,000,000 |
| 1 September 2022 to 31 August 2026 | 30,000,000 |
| 1 September 2026 to 31 August 2029 | 31,500,000 |
| 1 September 2029 to 31 August 2032 | 34,650,000 |
| 1 September 2032 to 31 August 2035 | 38,115,000 |
| 1 September 2035 to 31 August 2038 | 41,926,500 |
| 1 September 2038 to 31 August 2039 | 46,119,150 |

The rents are determined after arm’s length negotiations between the parties to the Property Tenancy Agreement with reference to the prevailing market rates of similar premises in the vicinity.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY FRAMEWORK COOPERATION AGREEMENT AND THE PROPERTY TENANCY AGREEMENT

Our Group has been developing in Greater Yangtze River Delta Region with its investment and management of retail chain business throughout the years. With our three core brands, namely “Yaohan”, “Springland” and “Datonghua”, we are strategically expanding our footprints in Jiangsu, Anhui and Zhejiang provinces.

Located in the middle and upper stream of the Yangtze River, Jiangyin is an important transportation hub in the region. It is also one of the most developed counties in the PRC. In 2018, Jiangyin recorded the gross regional product (“GRP”) of RMB380.6 billion, while the GRP growth in the same year was 7.4%, ranked second among counties in Jiangsu Province. In terms of fundamental economic competitiveness in the country, Jiangyin also topped the list among counties in the PRC for 15 consecutive years. As the target property is located in the core business district of Jiangyin, with comprehensive surrounding infrastructure facilities, which will enable us to enhance our competitiveness in Jiangyin. In view of the prosperity of Jiangyin and the prestigious location of the Property, the Group seeks to consolidate its presence in Jiangsu Province through this valuable opportunity, as well as to further strengthen the Group’s retail network in the Greater Yangtze River Delta region.

Under the premise of safeguarding the legal rights of the Group, the Property Framework Cooperation Agreement and the Property Tenancy Agreement are of a lease-purchase nature. This will enable the Group to expand its business footprint in a timely manner, while reducing the time required and uncertainty to obtain the real estate certificate ownership.

Taking into account the above factors, the Directors consider that the terms of the Agreements are on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Shareholders and the Company as a whole.

None of the Directors has any material interest in the Agreements and the Acquisition and therefore, none of them has abstained from voting on the Board resolution(s) which approved the above-mentioned agreements and the Acquisition.

INFORMATION ON THE GROUP

The Group is principally engaged in the operation of department stores, shopping centres and supermarkets in the PRC.

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a holding company incorporated in the PRC with limited liability. It is principally engaged in real estate development and management in the PRC.

IMPLICATION UNDER THE LISTING RULES

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Agreements and the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting. Octopus China, being the controlling shareholder of the Company holding 1,442,500,000 Shares, representing approximately 72.85% of the total number of issued shares of the Company as at the date of this announcement, and Octopus China controlled or was entitled to exercise control over the voting rights in respect of these Shares has given a written approval to the Agreements and the Acquisition. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Agreements and the Acquisition.

A circular containing further information in relation to the Acquisition is expected to be despatched to the Shareholders on or before 9 July 2019.

DEFINITIONS

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

| | |
|----------------------------------|---|
| “Acquisition” | the acquisition of the Property by the Purchaser from the Vendor pursuant to the Property Framework Cooperation Agreement |
| “Agreements” | the Property Framework Cooperation Agreement and the Property Tenancy Agreement |
| “Board” | the board of Directors |
| “Company” | Springland International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | shall have the meaning as ascribed to it under the Listing Rules |
| “Consideration” | RMB1,020,000,000, being the purchase price of the Property |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) independent of, not connected or acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with the Company and any of its connected persons or any of their respective associates (as defined under the Listing Rules) |
| “Jiangyin Yaohan” or “Purchaser” | Jiangyin Yaohan Business Centre Company Limited* (江陰八佰伴商貿中心有限公司), a limited company incorporated in accordance with the laws of the PRC, an indirectly wholly-owned subsidiary of the Company |

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| “Jiangyin Yunlong” or “Vendor” | Jiangyin Yunlong Property Company Limited* (江陰雲龍置業有限公司) a limited company incorporated in accordance with the laws of the PRC, an Independent Third Party |
| “Listing Rules” | the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” | the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan |
| “Property” | land and building located between east of Zhencun Road, south of Huancheng South Road, west of Hongqiao South Road, north of Zhongwei Road of Chengjiang Street, Jiangyin City, Jiangsu Province, PRC |
| “Property Framework Cooperation Agreement” | the agreement for sale and purchase of the Property entered into between Jiangyin Yaohan and Jiangyin Yunlong on 18 June 2019 |
| “Property Tenancy Agreement” | the agreement for lease of the Property entered into between Jiangyin Yaohan and Jiangyin Yunlong on 18 June 2019 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | Shareholder(s) of the Company, holder(s) of the ordinary share(s) of HK\$0.01 each of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board

Springland International Holdings Limited

Chen Jianqiang

Chairman

Hong Kong, 18 June 2019

As at the date of this announcement, the Board comprises one executive director, namely Mr. Chen Jianqiang; two non-executive directors, namely Mr. Tao Qingrong and Mr. Fung Hiu Chuen, John; and three independent non-executive directors, namely Dr. Lin Zhijun, Dr. Zhang Weijiong and Mr. Cheung Yat Ming.

** For identification purpose only.*