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If you have sold or transferred all your shares in **Springland International Holdings Limited**, you should at once hand this circular and the accompanying 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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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

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DEFINITIONS

In this circular, unless the context otherwise indicates, the following expressions 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
“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
“Latest Practicable Date”	26 August 2019, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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
“Professor Hui”	Professor Hui Ka Yan, the ultimate beneficial owner of Jiangyin Yunlong
“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.

In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

In case of any discrepancy between the Chinese version and the English version of this circular, the English version shall prevail.

LETTER FROM THE BOARD



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)

Executive Director:

Chen Jianqiang

Non-executive Directors:

Tao Qingrong

Fung Hiu Chuen, John

Independent non-executive Directors:

Lin Zhijun

Zhang Weijiong

Cheung Yat Ming

Registered office:

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Principal place of business in Hong Kong:

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Grandion Plaza,

932 Cheung Sha Wan Road,

Kowloon,

Hong Kong

30 August 2019

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION – ACQUISITION OF PROPERTY

INTRODUCTION

Reference is made to the Company's announcement dated 18 June 2019 in relation to the acquisition of the Property. It was announced that 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).

LETTER FROM THE BOARD

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 ownership to the Purchaser as shown on the real estate certificate.

The Acquisition constitutes a major transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition and (ii) the valuation report of the Property.

THE ACQUISITION

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, Professor Hui, 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.

As at the Latest Practicable Date, the Property is under construction which is expected to be completed in August 2019. The Property is expected to be delivered to the Purchaser, upon both parties confirming the Property has satisfied the requirements for delivery (including but not limited to foundation, main structural and fire engineering work.) The Purchaser will expedite the interior fitting-out works after delivery of the Property. Shopping mall at the Property is expected to commence operation in September 2020. The development plan of the Property pools retail, catering, entertainment and leisure to form a one-stop shopping mall. The tenants of the Property will include, among others, international and local fashion retailers, jewellers, chain restaurants, personal care and cosmetic shops, a supermarket and a cinema.

LETTER FROM THE BOARD

According to the valuation report in relation to the Property as contained in Appendix III to this Circular, as of 31 May 2019, the book value of the Property was approximately RMB670,000,000, while the market value was approximately RMB913,000,000. The market value of the property if the delivery condition is satisfied is expected to be RMB1,041,000,000. Having considered (i) the market value of the Property (being RMB1,041,000,000) as if the delivery condition is satisfied as at the valuation date as set out in Appendix III of the circular, (ii) construction of the Property is close to completion, (iii) the strategic importance of the Property to our competitiveness in Jiangyin, and (iv) future development of our Company, the Board is of the view that the consideration of RMB1,020,000,000 is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

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 is prepared for inclusion in the Circular 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. In June 2019, the Group paid Jiangyin Yunlong Property Company Limited the initial deposit of RMB204,000,000 pursuant to the Property Framework Cooperation Agreement.

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 aggregate rent paid during the term, in order to determine the final consideration of the Property.

LETTER FROM THE BOARD

Effective date of the Property Framework Cooperation Agreement and delivery

The Property Framework Cooperation Agreement has already 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).

The commercial operation of the property is expected to commence in September 2020. If the Vendor cannot complete the above-mentioned transfer of ownership procedures, 48 months after the commencement of commercial operation of the Property, while the Purchaser elects not to proceed the acquisition of the Property, within 15 days upon receipt of written notice from the purchaser, the Vendor must make an one-off cash payment by returning (i) the amount overcharged of RMB352,000,000 as principal (being the balance of consideration paid of RMB612,000,000 less the prepaid rents of RMB250,000,000 and guarantee deposit of RMB10,000,000); and (ii) capital occupancy fee for the amount overcharged as calculated at 150% of bank loan benchmark interest rate with correspondence period from the date of payment by the Purchaser as interest.

Nonetheless, the above terms are made of a protective nature, to protect the Company's interest. The Board is of the view that it is highly probable the acquisition can be completed within 48 months after the commencement of commercial operation of the Property.

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. Upon the completion of the Acquisition, the Property Tenancy Agreement will cease.

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)

LETTER FROM THE BOARD

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 paid on a semi-annual basis. Jiangyin Yaohan shall pre-pay the rents within 10 days prior to the beginning of each payment cycle. During the rental period, rents for the first and second year amounting to RMB5,000,000 per annum; for the third year amounting to RMB20,000,000 per annum; for the fourth to seventh year amounting to RMB30,000,000; from the eighth year onwards, the rents will increase by 5% once every 3 years; from the eleventh year onwards, the rents will increase by 10% once every 3 years. The rents and rent structure are determined after arm's length negotiations between the parties to the Tenancy Agreement with reference to (i) the prevailing market rates of similar premises in the vicinity; and (ii) the commercial nature of the Property and time value of money.

Pursuant to the Property Framework Cooperation Agreement and Property Tenancy Agreement, if the Purchaser elects not to accept the transfer of the Property, a sum of RMB250,000,000 will be retained by the Vendor as prepaid rents from the consideration paid. The amount of prepaid rents was determined by considering a combination of factors, including (i) to increase our chance to acquire the Property amongst other interested purchasers; (ii) the value of right-of-use assets of the Property amounting to RMB441,220,000 as at the date of delivery, which is much higher than the prepaid rents of RMB250,000,000; (iii) the strategic importance of the Property to our competitiveness in Jiangyin, and (iv) future development of our Company. As such, the Board is of the view that the term in relation to the prepaid rents is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

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.

LETTER FROM THE BOARD

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, and conducted in the ordinary and usual course of business of the Group.

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.

FINANCIAL IMPACT OF THE ACQUISITION

Earnings

The Property is currently under construction. Upon completion of delivery and interior fitting-out works of the Property, the Company will enjoy sales, rental and management fee income, etc from the Property which has a positive effect on the earnings of the Company.

LETTER FROM THE BOARD

Assets and Liabilities

Based on the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II to this circular, it is expected that upon completion of the Acquisition, there will be (a) an increase in total assets of approximately RMB563,429,000, comprising (i) an increase in property, plant and equipment of approximately RMB972,239,000; a decrease in prepayments, deposits and other receivables of RMB204,000,000 and (iii) netted-off by a decrease in bank balances and cash of RMB204,810,000; and (b) an increase in total liabilities of approximately RMB563,429,000, comprising (i) an increase in other payables and accruals of approximately RMB155,429,000; and (ii) an increase in long-term payables of RMB408,000,000. Save as other transaction costs of approximately RMB810,000, primarily representing the stamp duty and professional fees in connection with the Acquisition, there would not be any significant immediate effect on the earnings of the Group.

Details of the estimated effect of the Acquisition on the assets and liabilities of the Group is set out in Appendix II to this circular.

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) Holdings Limited, being the controlling shareholder of the Company holding 1,442,500,000 Shares, representing approximately 73.22% of the total number of issued shares of the Company as at the date of this circular, and Octopus (China) Holdings Limited 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Acquisition and the Property Framework Cooperation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As explained above, no general meeting of the Company will be convened for the purpose of approving the Acquisition. However, the Directors would also recommend the Shareholders to approve the Acquisition if a general meeting were convened.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Springland International Holdings Limited
Chen Jianqiang
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.springlandgroup.com.cn):

- (a) the audited consolidated financial statements included in the annual report of the Company for the year ended 31 December 2016 published on 20 April 2017, pages 91–209, <https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0420/ltn20170420903.pdf>
- (b) the audited consolidated financial statements included in the annual report of the Company for the year ended 31 December 2017 published on 23 April 2018, pages 91–209, <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0423/ltn20180423737.pdf>; and
- (c) the audited consolidated financial statements included in the annual report of the Company for the year ended 31 December 2018 published on 17 April 2019, pages 80–213, <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417858.pdf>.
- (d) the interim results announcement of the Company for the six months ended 30 June 2019 published on 13 August 2019 (the “2019 Interim Results Announcement”), <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0813/ltn20190813656.pdf>.

2. INDEBTEDNESS AND CONTINGENT LIABILITIES**Indebtedness**

At the close of business on 31 July 2019, the Group had interest-bearing debts of approximately RMB3,170,009,000, which were on an unsecured basis.

Contingent liabilities

At the close of business on 31 July 2019, the Group had neither any guarantee nor any other contingent liabilities in existence.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, guarantee and other contingent liabilities, debentures, loan capital and debt securities (issued and outstanding or agreed to issue), bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits as at the close of business on 31 July 2019.

The Directors are not aware of any material changes in the indebtedness and contingent liabilities of the Group since 31 July 2019 (being the date to which the indebtedness statement is made) and up to the Latest Practicable Date.

3. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that upon completion of the Acquisition and taking into account the Group's internal resources and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the 2019 Interim Results Announcement, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 30 June 2019, being the date to which the latest published interim results of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at 30 June 2019, the Group had a total shareholders' equity of approximately RMB5,150,859,000. The gearing ratio of the Group, as measured by Net Debt to Equity ratio, was approximately 56.5% as at 30 June 2019. The cash and cash equivalents, time deposits and restricted cash of the Group as at 30 June 2019 amounted to approximately RMB731,985,000. The Directors expect that the Group will maintain sufficient funding both from banks and internal resources to support its business operation and expansion. After the completion of the Acquisition, the Directors expect that the Group will maintain sufficient working capital.

The Group has been pursuing business opportunities to consolidate its chain retail network in Greater Yangtze River Delta over the years. The Group is continuously exploring investment opportunities to broaden the Group's revenue stream and enhance its profitability. The Company will, from time to time, assess the performance and prospects of each of its existing business and may consider adjusting its business portfolio including but not limited to further investment and/or realisations, when opportunity arises to strive for the best interest of the Group and the Shareholders

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION**(i) BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

The following is an illustrative and Unaudited Pro Forma Financial Information, comprising the unaudited pro forma statement of assets and liabilities of the Enlarged Group which have been prepared on the basis of the notes set out below and in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effects of the Acquisition on the Group as if the Acquisition had been taken place on 30 June 2019.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published Annual Report of the Group for the year ended 31 December 2018 and the revised/new accounting standards adopted in the published interim results announcement of the Group for the six months ended 30 June 2019.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the 2019 Interim Results Announcement of the Group and the other financial information of the Group contained in this circular.

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company in accordance with paragraph 4.29(1) of the Listing Rules, for the purposes of illustrating the effect of the Acquisition is based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group had the Acquisition been completed at of 30 June 2019 or any future date.

(ii) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE GROUP AS AT 30 JUNE 2019

	Unaudited consolidated statement of assets and liabilities of the Group <i>RMB'000</i> <i>(Note 1)</i>	Pro Forma adjustments <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma statement of assets and liabilities of the Enlarged Group <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8,829,505	972,239	9,801,744
Right-of-use assets	2,147,397	–	2,147,397
Other intangible assets	17,168	–	17,168
Goodwill	250,384	–	250,384
Investments in associates	4,731	–	4,731
Long-term prepayments	2,024	–	2,024
Deferred tax assets	<u>133,100</u>	<u>–</u>	<u>133,100</u>
Total non-current assets	<u>11,384,309</u>	<u>972,239</u>	<u>12,356,548</u>
CURRENT ASSETS			
Inventories	285,213	–	285,213
Trade receivables	10,300	–	10,300
Due from the controlling shareholder	12,228	–	12,228
Prepayments, deposits and other receivables <i>(Note 3)</i>	522,800	(204,000)	318,800
Financial assets at fair value through profit or loss	37,827	–	37,827
Restricted cash	119,515	–	119,515
Cash and cash equivalents <i>(Note 3)</i>	<u>612,470</u>	<u>(204,810)</u>	<u>407,660</u>
Total current assets	<u>1,600,353</u>	<u>(408,810)</u>	<u>1,191,543</u>
Total assets	<u><u>12,984,662</u></u>	<u><u>563,429</u></u>	<u><u>13,548,091</u></u>

	Unaudited consolidated statement of assets and liabilities of the Group <i>RMB'000</i> <i>(Note 1)</i>	Pro Forma adjustments <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma statement of assets and liabilities of the Enlarged Group <i>RMB'000</i>
CURRENT LIABILITIES			
Interest-bearing bank borrowings	2,242,460	–	2,242,460
Trade and bills payables	931,666	–	931,666
Other payables and accruals <i>(Note 3)</i>	2,356,780	155,429	2,512,209
Other liabilities	67,066	–	67,066
Tax payable	46,099	–	46,099
	<u>5,644,071</u>	<u>155,429</u>	<u>5,799,500</u>
Total current liabilities	<u>5,644,071</u>	<u>155,429</u>	<u>5,799,500</u>
Net current liabilities	<u>(4,043,718)</u>	<u>(564,239)</u>	<u>(4,607,957)</u>
Total assets less current liabilities	<u>7,340,591</u>	<u>408,000</u>	<u>7,748,591</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	939,868	–	939,868
Deferred income	9,845	–	9,845
Deferred tax liabilities	563,314	–	563,314
Long-term payables <i>(Note 3)</i>	–	408,000	408,000
Other liabilities	676,705	–	676,705
	<u>2,189,732</u>	<u>408,000</u>	<u>2,597,732</u>
Total non-current liabilities	<u>2,189,732</u>	<u>408,000</u>	<u>2,597,732</u>
Total liabilities	<u><u>7,833,803</u></u>	<u><u>563,429</u></u>	<u><u>8,397,232</u></u>

(iii) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The balances have been extracted from the unaudited consolidation financial information of the Group as at of 30 June 2019 as set out in the published 2019 Interim Results Announcement of the Group.
2. The pro forma adjustment reflects the Acquisition at a purchase price of RMB1,020,000,000 (Excluding value added tax price: RMB971,429,000; value added tax: RMB48,571,000) together with other directly attributable costs of Acquisition of approximately RMB810,000, comprising stamp duty of approximately RMB510,000 and professional fees of approximately RMB300,000. The total carrying amount of the Property is RMB972,239,000. The Property is classified as property, plant and equipment as the Directors intend to hold the Property for self-owned department store to the Group. In respect of the valuation of the Property carried out by an independent valuer, as set out in the Appendix III to this Circular, the Property is valued at RMB1,041,000,000 as of the date when the Property has satisfied the requirements for delivery, which approximates the amount adopted in this pro forma adjustment (inclusive of tax). The property, plant and equipment is initially measured at cost (inclusive of transaction costs) and subsequently stated at cost less accumulated depreciation and accumulated impairment losses. The subsequent increase in the carrying amount of the property, plant and equipment has not been reflected here for the purposes of this Unaudited Pro Forma Financial Information.
3. Pursuant to the purchase agreement, the group has paid RMB204,000,000 to Jiangyin Yunlong Property Company Limited in June 2019, and will pay another RMB204,000,000 in September 2019, as well as RMB204,000,000 in January 2020. The remaining RMB408,000,000 will be paid according to the payment term mentioned in the Property Framework Cooperation Agreement.



The Directors
Springland International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Springland International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2019, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II – 2 to II – 4 of the circular in connection with the proposed acquisition of a property (the “Acquisition”) dated 30 August 2019 issued by the Company (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group’s financial position as at 30 June 2019 as if the Acquisition had taken place as at 30 June 2019. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s interim results announcement for the six month ended 30 June 2019, on which no audit or review report has been issued.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion: by the directors of the Company

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

30 August 2019

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 May 2019 of the Property held by Jiangyin Yunlong.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place
979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

30 August 2019

The Board of Directors
Springland International Holdings Limited
Unit C, 8/F.,
Grandion Plaza,
932 Cheung Sha Wan Road,
Kowloon, Hong Kong.

Dear Sirs,

On 18 June 2019, Jiangyin Yaohan Business Centre Company Limited (the “**Purchaser**” or “**Jiangyin Yaohan**”), an indirectly wholly-owned subsidiary of Springland International Holdings Limited (the “**Company**”), Jiangyin Yunlong Property Company Limited (the “**Vendor**” or “**Jiangyin Yunlong**”), an independent third party, entered into the Property Framework Cooperation Agreement, pursuant to which both parties agreed to the lease-purchase manner for the Purchaser to operate 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, the PRC (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.

In accordance with your instructions to value the property interest held by Jiangyin Yunlong in People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 May 2019 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property which was under development as at the valuation date by Jiangyin Yunlong, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Company. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by Jiangyin Yunlong according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by Jiangyin Yunlong and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of State-owned Land Use Rights Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser – King & Wood Mallesons, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out in June 2019 by Ms. Joan Zhu who is China Qualified Land Valuer and has 7 years' valuation experience in the real estate industry of the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected loss and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by Jiangyin Yunlong. We have also sought confirmation from Jiangyin Yunlong and the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held by Jiangyin Yunlong in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2019 RMB
<p>Jiufang Square Shopping Centre located at Lot No. Cheng Di 2014-C-8 between east of Zhencun Road, south of Huancheng South Road, west of Hongqiao South Road, north of Zhongwei Road Jiangyin City Jiangsu Province The PRC</p>	<p>The property is located at Lot No. Cheng Di 2014-C-8 between east of Zhencun Road, south of Huancheng South Road, west of Hongqiao South Road, north of Zhongwei Road of Chengjiang Street, Jiangyin City. The locality of the property is a developed residential and commercial area well-served by adequate facilities and public transportation along the main roads.</p>	<p>As at the valuation date, the property was under construction.</p>	<p>913,000,000</p>
	<p>Jiangyin Central Plaza (the whole project) occupies a parcel of land with a site area of approximately 57,802.00 sq.m., which is being developed into a commercial and office development. The property is a six-storey (plus one level basement) shopping centre of the whole project. The property was under construction as at the valuation date and is scheduled to be completed in August 2019. As advised by the Company, upon completion, the property will have a total planned gross floor area of approximately 111,134.63 sq.m., and the details are set out as following:</p>		
		Planned Gross Floor Area (sq.m.)	
	Floor		
	1F	17,685.78	
	2F	15,723.54	
	3F	21,860.82	
	4F	21,931.48	
	5F	21,973.69	
	6F (mezzanine floor)	1,859.35	
	B1	10,099.97	
	Total:	111,134.63	

As advised by Jiangyin Yunlong, the development cost (including the land cost) of the property is estimated to be approximately RMB748,000,000, of which approximately RMB670,000,000 had been incurred up to the valuation date.

The land use rights of the property have been granted for a term expiring on 9 September 2054 for commercial and business uses.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3202812014CR0099 dated 2 July 2014, the land use rights of a parcel of land with a site area of approximately 57,802.00 sq.m. (including the land use rights of the property) were contracted to be granted to Jiangyin Yunlong for a term of 40 years for commercial and business uses from the land delivery date. The land premium was RMB348,800,000.
2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320281201500027, permission towards the planning of the aforesaid land parcel with a site area of approximately 57,802.00 sq.m. (including the property) has been granted to Jiangyin Yunlong.
3. Pursuant to a State-owned Land Use Rights Certificate – Cheng Tu Guo Yong (2015) Di No. 2468, the land use rights of a parcel of land with a site area of approximately 57,802.00 sq.m. (including the land use rights of the property) have been granted to Jiangyin Yunlong for a term expiring on 9 September 2054 for commercial and business use.
4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320281201500128 in favour of Jiangyin Yunlong, the construction work with a total gross floor area of approximately 231,194.70 sq.m. (including the property) has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit – No. 320281201604250101 in favour of Jiangyin Yunlong, permissions by the relevant local authority were given to commence the construction work with a total gross floor area of approximately 231,194.70 sq.m. (including the property).
6. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,041,000,000.
7. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have compared with similar developments which are located in the similar areas as the subject property, for the calculation of market rent in considering the rental income of vacant area;
 - b. The unit rent of these comparable retail units on the first floor ranges from RMB6 to RMB10 per sq.m. per day; and
 - c. Based on our research on retail property market in the surrounding area of the property, the stabilized market yield ranged from 5% to 7% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.5% for retail properties as the capitalization rate in the valuation.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Jiangyin Yunlong is legally and validly in possession of the land use rights of the property. Jiangyin Yunlong has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property upon compliance with the permitted land use stated on the Land Use Rights Certificate within the regulated land use term;
 - b. Jiangyin Yunlong has obtained all requisite construction work approvals in respect of the actual development progress of the property.

9. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract	Yes
b. State-owned Land Use Rights Certificate	Yes
c. Building Ownership Certificate	N/A
d. Construction Land Planning Permit	Yes
e. Construction Work Planning Permit	Yes
f. Construction Work Commencement Permit	Yes
g. Pre-sale Permit	N/A
h. Construction Work Completion and Inspection Certificate/Table	N/A

* *The property was under construction as at the valuation date. The "N/A" mentioned in c, g and h in note 9 stands for not available in current development stage of the property.*

1. RESPONSIBILITY STATEMENT

This document, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) 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 for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares interested	Percentage of the Company's total issued shares
Chen Jianqiang	Interest in controlled corporation	1,442,500,000 (<i>Note</i>)	73.22%

Note: These shares were held by Octopus (China) Holdings Limited, in which is wholly owned by Octopus Holdings Foundation. Mr. Chen as the sole shareholder of Octopus Holdings Foundation is deemed to be interested in the Shares held by Octopus (China) Holdings Limited. Both Octopus Holdings Foundation and Octopus (China) Holdings Limited are holding companies of the Company, each of them is an associated corporation of the Company under the SFO.

Long position in the Shares and underlying shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number and class of shares of the associated corporation held	Percentage of interest in the associated corporation
Chen Jianqiang	Octopus Holdings Foundation	Beneficial interest	1 ordinary share	100% (Note)
Chen Jianqiang	Octopus (China) Holdings Limited	Interest in controlled corporation	100 ordinary shares	100% (Note)

Note: 1,442,500,000 Shares were held by Octopus (China) Holdings Limited, in which is wholly-owned by Octopus Holdings Foundation. Mr. Chen as the sole shareholder of Octopus Holdings Foundation is deemed to be interested in the Shares held by Octopus (China) Holdings Limited. As each of Octopus Holdings Foundation and Octopus (China) Holdings Limited all are holding companies of the Company, each of them is an associated corporation of the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) 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.

(b) Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons or entities, other than a Director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of interest	Number of ordinary Shares interested	Percentage of the Company's total issued shares
Octopus Holdings Foundation	Interest in controlled corporation	1,442,500,000 (<i>Note 1</i>)	73.22%
International Value Advisers, LLC	Investment manager	118,612,000	5.99%
FIL Limited	Interest of controlled corporation	101,331,000 (<i>Note 2</i>)	5.00%
Pandanus Associates Inc.	Interest of controlled corporation	101,331,000 (<i>Note 2</i>)	5.00%
Pandanus Partners L.P.	Interest of controlled corporation	101,331,000 (<i>Note 2</i>)	5.00%

Notes:

- 1 Octopus (China) Holdings Limited is wholly-owned by Octopus Holdings Foundation. Mr. Chen as the sole shareholder of Octopus Holdings Foundation is deemed to be interested in Shares held by Octopus (China) Holdings Limited.
- 2 Pandanus Partners L.P. is a wholly-owned subsidiary of Pandanus Associates Inc.; Pandanus Partners L.P. holds 38.10% shareholding of FIL Limited; Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited are therefore deemed to be interested in the 101,331,000 shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have 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.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their respective close associates had any personal interests in companies engaged in business, which compete or may compete with the Group.

6. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date,

- (a) none of the Directors had any material direct or indirect interest in any assets which have 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; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, there were no material contracts (not being contracts entered into the ordinary course of business which the ordinary course of business) have been entered into by the members of the Group within the two years preceding issue of this circular

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinion or, advice contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	an independent qualified valuer
King & Wood Mallesons	PRC Legal Advisors

As at the Latest Practicable Date, the above experts:

- (a) did not have no direct or indirect interest in any member of the Group nor any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any interest, direct or indirect, 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, as at the Latest Practicable Date;
- (c) have given and have not withdrawn their written consents as to the issue of this circular with the inclusion herein of its letters and/or reports and reference to its name in the form and context in which they respectively appear.

10. GENERAL

- (a) The company secretary of the Company is Lai Ho Wai. He is a member of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at Unit C, 8/F., Grandion Plaza, 932 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (d) The share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Unit C, 8/F., Grandion Plaza, 932 Cheung Sha Wan Road, Kowloon, 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 annual report of the Company for the year ended 31 December 2018;
- (c) the report from Ernst & Young relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II of this circular;
- (d) the valuation report and certificate set out in Appendix III of the circular;
- (e) the consent letters from Ernst & Young and Jones Lang LaSalle referred to in the paragraph headed “Experts’ qualifications and consents” in this appendix;
- (f) this circular.