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SPRINGLAND

Octopus (China) Holdings Limited **Springland International Holdings Limited**
(Incorporated in the British Virgin Islands with limited liability)

華地國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1700)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF SPRINGLAND
INTERNATIONAL HOLDINGS LIMITED BY OCTOPUS (CHINA)
HOLDINGS LIMITED BY WAY OF A SCHEME OF
ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW
OF THE CAYMAN ISLANDS**

(2) PROPOSED WITHDRAWAL OF LISTING

AND

(3) RESUMPTION OF TRADING

Financial Adviser to Octopus (China) Holdings Limited



DBS Asia Capital Limited

THE PROPOSAL

The Offeror and the Company jointly announce that on 29 October 2019, the Offeror requested the Board to put forward the Proposal for the privatisation of the Company, which will involve the Scheme to cancel and extinguish the Scheme Shares and the payment of the Cancellation Price to the Scheme Shareholders, and the withdrawal of the listing of the Shares on the Stock Exchange. The Scheme will be carried out by way of a scheme of arrangement under Section 86 of the Companies Law.

If all the Scheme Conditions are fulfilled (or waived as applicable) on or before the Long Stop Date, the Offeror will implement the Scheme to cancel and extinguish the Scheme Shares and the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange.

If the Scheme does not become unconditional on or before the Long Stop Date, the Proposal will not be implemented and the Scheme will not become effective.

THE SCHEME

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price, being HK\$2.30 in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as at 30 June 2019, the prices of the Shares traded on the Stock Exchange and other privatisation transactions in Hong Kong in recent years.

The implementation of the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Scheme Conditions as described in the section headed "Scheme Conditions" below. All of the Scheme Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date failing which the Scheme will lapse.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Announcement Date, there are 1,970,000,000 Shares in issue of which the Offeror holds an aggregate of 1,442,500,000 Shares, and there are 527,500,000 Scheme Shares in issue. There are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

The amount of cash required for the Scheme is approximately HK\$1,213.25 million.

The Offeror intends to finance the cash required for the Proposal through a loan facility. DBSAC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising a non-executive Director, namely Mr. Fung Hiu Chuen, John, and the following independent non-executive Directors, Dr. Lin Zhijun, Dr. Zhang Weijiong and Mr. Cheung Yat Ming, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Scheme are, or are not, fair and reasonable and as to voting.

Mr. Chen, being the executive Director, and Mr. Tao, being a non-executive Director, have abstained and will continue to abstain from voting at meetings of the Board in relation to the Proposal given each of them has a material interest in the Proposal. The Independent Board Committee has reserved its opinion pending the advice of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document should be despatched to the Shareholders within 21 days of the Announcement Date, which in this case would be on or before 22 November 2019, and in compliance with the requirements of the Companies Law, the Grand Court and other applicable regulations.

As additional time is required to procure the holding of the Direction Hearing and finalise the financial information to be included in the Scheme Document thereafter, the Offeror has applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 14 January 2020.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, it is anticipated that listing of the Shares on the Stock Exchange will be withdrawn. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective.

IF THE SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or otherwise lapses.

If the Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 28 October 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 November 2019.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour or against of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.

I. INTRODUCTION

On 29 October 2019, the Offeror requested the Board to put forward the Proposal for the privatisation of the Company, which will involve the Scheme to cancel and extinguish the Scheme Shares and the payment of the Cancellation Price to Scheme Shareholders, and the withdrawal of the listing of the Shares on the Stock Exchange. The Scheme will be carried out by way of a scheme of arrangement under Section 86 of the Companies Law.

If the Scheme is approved and the Proposal is implemented, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

II. THE PROPOSAL

The Scheme

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price, being HK\$2.30 in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

The Cancellation Price of HK\$2.30 per Scheme Share cancelled and extinguished represents:

- a premium of approximately 63.1% over the closing price of HK\$1.410 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 64.4% over the average closing price of approximately HK\$1.399 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 56.8% over the average closing price of approximately HK\$1.467 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 55.4% over the average closing price of approximately HK\$1.480 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 53.2% over the average closing price of approximately HK\$1.501 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 51.3% over the average closing price of approximately HK\$1.520 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;

- a premium of approximately 48.6% over the average closing price of approximately HK\$1.548 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 18.1% over the unaudited consolidated net asset value after deducting non-controlling interests (the “NAV”) per Share of approximately HK\$2.81 as at 30 June 2019, calculated based on the NAV of the Group of approximately HK\$5,531,230,476 (based on the exchange rate of HK\$1: RMB0.90274, the central parity rate published by the People’s Bank of China on its website as at 25 October 2019 for illustrative purposes) and the 1,970,000,000 Shares in issue as at 30 September 2019.

Highest and lowest prices of the Shares

During the 4 years ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.28 on 3 May 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.94 on 1 August 2016.

The Cancellation Price has been determined on an arm’s length basis after taking into account the financial information of the Group including the financial position of the Group as at 30 June 2019, the prices of the Shares traded on the Stock Exchange and other privatisation transactions in Hong Kong in recent years.

Trading volume and liquidity of the Shares

The trading volume and liquidity of the Shares during the relevant periods prior to and including the Last Trading Day are illustrated below:

- on the Last Trading Day, a total number of approximately 690,000 Shares were traded with a turnover of approximately HK\$964,814;
- during the period from the last 10 trading days (i.e. 14 October 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 1,121,500 Shares, representing approximately 0.06% of the issued Shares as of 14 October 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$1,558,029;
- during the period from the last 30 trading days (i.e. 12 September 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 600,138 Shares, representing approximately 0.03% of the issued Shares as of 12 September 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$851,930;

- during the period from the last 60 trading days (i.e. 1 August 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 729,050 Shares, representing approximately 0.04% of the issued Shares as of 1 August 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$1,056,522;
- during the period from the last 90 trading days (i.e. 19 June 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 838,411 Shares, representing approximately 0.04% of the issued Shares as of 19 June 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$1,251,375;
- during the period from the last 120 trading days (i.e. 6 May 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 872,752 Shares, representing approximately 0.04% of the issued Shares, as of 6 May 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$1,324,563;
- during the period from the last 180 trading days (i.e. 31 January 2019) up to and including the Last Trading Day, an average daily trading volume of approximately 1,212,730 Shares, representing approximately 0.06% of the issued Shares as of 31 January 2019 which was the first trading day of the aforesaid period, and average daily turnover of approximately HK\$1,908,091;

During the period from the last 180 trading days up to and including the Last Trading Day, there was no trading of the Shares on 5 trading days, representing approximately 2.78% of the total number of trading days during that period.

Scheme Conditions

The Scheme will become effective and binding on the Offeror, the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Independent Shareholders representing not less than 75% in value of the Shares held by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Shares held by all the Independent Shareholders;

- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the withdrawal of listing of the Shares upon the Scheme becoming effective, and (iii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to immediately thereafter increase the issued Shares to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the number of issued Shares in the share capital of the Company;
- (f) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Scheme required before the Scheme becoming effective having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Scheme required before the Scheme becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Scheme or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;

- (h) all necessary consents which may be required for the implementation of the Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Scheme;
- (j) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Scheme could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
 - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
 - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and
- (k) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to the date when all the Scheme Conditions are satisfied or validly waived (as applicable).

The Offeror reserves the right to waive Scheme Conditions (f) to (k) either in whole or in part, either generally or in respect of any particular matter. Scheme Conditions (a) to (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke any such Scheme Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Scheme Conditions. All of the above Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will lapse. When all the Scheme Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders.

Assuming that the Scheme Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on or around 27 February 2020. A detailed timetable will be included in the Scheme Document.

In respect of Scheme Conditions (f) to (h), the Offeror is not currently aware of any authorisations or consents which are required.

The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the Scheme Conditions. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not invoke any Scheme Condition so as to cause the Scheme not to become effective unless the circumstances which give rise to the right to invoke the Scheme Condition are of material significance to the Offeror in the context of the Scheme.

III. REASONS FOR AND BENEFITS OF THE PROPOSAL

The principal activity of the Group is the operation of department stores and supermarkets in Mainland China. Factors such as decreasing momentum in global economic growth, reform in the retail industry as well as evolving and diversifying consumer trends challenge the Group's business model.

In order to reposition itself in the dynamic environment of the retail industry, the Group may have to reassess its strategies and implement necessary changes. The process may take time and bring uncertainty to the Group's financial performance in the short to medium term, which may alter dividend payout.

Following the implementation of the Proposal, the Offeror can make strategic decisions focused on the long-term benefits, free from the pressure of short-term profit expectation associated with being a publicly listed company, and the decision making process will be streamlined to capture the fleeting business opportunities when the Company no longer has to fulfill the listing compliance requirement of Stock Exchange.

Since the Company's listing on the Stock Exchange in October 2010, the listing platform has not been utilized for any further equity fund raising activities. The liquidity of Shares has been at a relatively low level over a long period of time. The average daily trading volume of the Shares for last 90 trading days (i.e. 19 June 2019) up to and including the Last Trading Day was approximately 838,411 Shares per day, representing only approximately 0.04% of the issued Shares as of 19 June 2019 which was the first trading day of the aforesaid period. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs. The Offeror considers the listing platform of limited benefit to both the Group and Shareholders.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at an attractive premium without having to suffer any illiquidity discount.

The Cancellation Price of HK\$2.30 is higher than the highest closing price in the recent 4 years. The Cancellation Price represents a premium of approximately 56.8%, 55.4%, 53.2%, 51.3%, and 48.6% over average closing prices of the Shares of each of the 30/60/90/120/180 trading days, respectively, up to and including the Last Trading Day.

IV. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

The Proposal will involve the cancellation and extinguishment of the Scheme Shares at the Cancellation Price of HK\$2.30 per Scheme Share cancelled and extinguished. As at the Announcement Date, there are 1,970,000,000 Shares in issue of which the Offeror holds an aggregate of 1,442,500,000 Shares, and there are 527,500,000 Scheme Shares in issue. There are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

The amount of cash required for the Scheme is approximately HK\$1,213.25 million.

The Offeror intends to finance the cash required for the Proposal through a loan facility. DBSAC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

V. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares, and the Company has 1,970,000,000 Shares in issue.

The table below sets out the simplified shareholding structure of the Company (i) as at the Announcement Date; and (ii) on the basis that the Scheme becomes effective, immediately upon completion of the Proposal:

Shareholders	As at the Announcement		Upon completion of the Scheme	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Offeror (Note 1)	1,442,500,000	73.22	1,970,000,000	100
Other Offeror Concert Parties				
Celestial Spring (Note 2)	23,336,000	1.18	–	–
Total number of Scheme Shares held by the Independent Shareholders (Note 2)	504,164,000	25.59	–	–
Total	1,970,000,000	100	1,970,000,000	100

Notes:

1. The Offeror is wholly-owned by Octopus Holdings. Mr. Chen as the sole shareholder of Octopus Holdings is deemed to be interested in Shares held by the Offeror.
2. Mr. Tao, a non-executive Director, is interested in approximately 38.46% of the shareholding of Celestial Spring, which holds 23,336,000 Shares in the Company. The Scheme Shares include such 23,336,000 Shares. However, given Mr. Tao is presumed to be acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code, Celestial Spring will be required to abstain from voting at the Court Meeting as it is not an Independent Shareholder.
3. All percentages in the above table are approximations.

As at the Announcement Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. The Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the Announcement Date.

VI. OFFEROR'S INTENTION REGARDING THE COMPANY

The Company is incorporated in the Cayman Islands with limited liability and the Company has been listed on the Main Board of the Stock Exchange since 21 October 2010 with the stock code 1700. The Group is principally engaged in the operation of department stores and supermarkets in Mainland China.

Following implementation of the Proposal, the Offeror intends that the Company should continue carrying on its current business and do not intend to make any major changes to the current operations. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business in light of the challenging environment for retail businesses in the PRC.

VII. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands which is wholly-owned by Octopus Holdings. Mr. Chen is the sole shareholder of Octopus Holdings, and is thus deemed to be interested in Shares held by the Offeror.

As at the Announcement Date, the sole director of the Offeror is Mr. Chen, who is acting in concert with the Offeror under the definition of "acting in concert" in the Takeovers Code.

VIII. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising a non-executive Director, namely Mr. Fung Hiu Chuen, John, and the following independent non-executive Directors, Dr. Lin Zhijun, Dr. Zhang Weijiong and Mr. Cheung Yat Ming, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Scheme are, or are not, fair and reasonable and as to voting.

Mr. Chen, being the executive Director, and Mr. Tao, being a non-executive Director, have abstained and will continue to abstain from voting at meetings of the Board in relation to the Proposal given each of them has a material interest in the Proposal. The Independent Board Committee has reserved its opinion pending the advice of the Independent Financial Adviser.

The Independent Shareholders are reminded to carefully read the Scheme Document, including the letter of advice from the Independent Financial Adviser to the Independent Board Committee contained therein before making a decision.

IX. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

X. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective. The Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, inter alia, further details of the Scheme.

XI. IF THE SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective.

If the Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. If they are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

XII. OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

XIII. SCHEME SHARES, COURT MEETING, AND EGM

As at the Announcement Date, the Offeror holds an aggregate of 1,442,500,000 Shares representing approximately 73.22% of the total number of issued Shares in the share capital of the Company. Such 1,442,500,000 Shares will not constitute Scheme Shares and such 1,442,500,000 Shares together with the 23,336,000 Shares held by Celestial Spring will not be voted on the Scheme at the Court Meeting.

The Offeror and the Offeror Concert Parties will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

DBSAC is presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” in the Takeovers Code. As at the Announcement Date, no Shares are owned, controlled or directed by DBSAC.

All Shareholders will be entitled to attend the EGM and vote on, among other things, (i) a special resolution to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) a special resolution to approve the withdrawal of listing of the Shares upon the Scheme becoming effective, and (iii) an ordinary resolution to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror has undertaken that if the Scheme is approved at the Court Meeting, they will cast the votes in respect of those Shares held by them in favour of the resolutions to be proposed at the EGM.

XIV. COSTS OF THE SCHEME

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the Scheme, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

XV. GENERAL

The Offeror has appointed DBSAC as its financial adviser in connection with the Proposal.

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to Shares between the Offeror and the Offeror Concert Parties and any other person which might be material to the Proposal.

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Scheme Condition.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Announcement Date.

As at the Announcement Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. No irrevocable commitment to vote for or against the Scheme has been received by the Offeror and the Offeror Concert Parties, as at the Announcement Date.

As at the Announcement Date, there is no understanding, arrangement or agreement or special deal between any Shareholders and the Offeror and the Offeror Concert Parties. The Company confirms that, as at the Announcement Date, there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

XVI. DESPATCH OF SCHEME DOCUMENT

Under Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Scheme Document containing, inter alia, further details of the Proposal, the Scheme, the expected timetable, an explanatory statement as required under the Companies Law and the Rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the letter of advice from the Independent Financial Adviser to the Independent Board Committee, a valuation report pursuant to Rule 11.1(f) of the Takeovers Code, a notice of the Court Meeting and a notice of the EGM, together with forms of proxy in relation thereto, should be despatched to the Shareholders within 21 days of the Announcement Date, which in this case would be on or before 22 November 2019, and in compliance with the requirements of the Companies Law, the Grand Court and other applicable regulations.

The Scheme Document is to be issued in connection with the scheme of arrangement under section 86 of the Companies Law, and may only be despatched to the Shareholders after the Grand Court has, at a Direction Hearing to be held on a date indicated by the Grand Court, determined that it is satisfied with the terms and conditions of the Scheme and the form and contents of the Scheme Document including the proposed court order, the proposed date of the Court Meeting, the proposed notice and associated proxy form in relation thereto.

As additional time is required to procure the holding of the Direction Hearing and finalise the financial information to be included in the Scheme Document thereafter, the Offeror has applied to the Executive and the Executive is minded to grant consent to extend the latest time for the despatch of the Scheme Document to 14 January 2020.

A detailed timetable for the Proposal will be set out in the Scheme Document and in the announcement to be jointly made by the Company and the Offeror upon despatch of the Scheme Document. The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting and the EGM.

XVII. DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period commencing on the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

XVIII. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 28 October 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 November 2019.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement Date”	1 November 2019, being the date of this joint announcement
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$2.30 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme for every Scheme Share cancelled and extinguished
“Celestial Spring”	Celestial Spring Limited (天泉有限公司), a company incorporated in the British Virgin Islands with limited liability
“Company”	Springland International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 1700)
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Court Meeting”	a meeting of the Independent Shareholders to be convened and held at the direction of the Grand Court at which the Scheme will be voted upon
“DBSAC”	DBS Asia Capital Limited, the financial adviser to the Offeror, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Direction Hearing”	a direction hearing of the Grand Court for the purpose of giving direction as to the holding of the Court Meeting
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) a special resolution in relation to the withdrawal of listing of the Shares upon the Scheme becoming effective; and (iii) an ordinary resolution in relation to the restoration of the number of issued Shares in the share capital of the Company to its former amount by the issue of the same number of Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid, to the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, which comprises a non-executive Director, namely Mr. Fung Hiu Chuen, John and the following independent non-executive Directors, Dr. Lin Zhijun, Dr. Zhang Weijiong and Mr. Cheung Yat Ming, to make a recommendation to the Independent Shareholders, in respect of, among others, the Proposal and the Scheme, respectively
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser in respect of the Proposal and the Scheme appointed by the Company with the approval of the Independent Board Committee

“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	25 October 2019, being the last trading day on which the Shares were traded on the Stock Exchange prior to the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 May 2020, or such later date as may be agreed between the Offeror and the Company, subject to approval by DBSAC, or to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror or the Company may allow
“Mr. Chen”	Mr. Chen Jianqiang, the executive Director and chairman of the Board and also a director of the Offeror
“Mr. Tao”	Mr. Tao Qingrong, a non-executive Director
“Octopus Holdings”	Octopus Holdings Foundation, a company incorporated in the Cayman Islands with limited liability
“Offeror”	Octopus (China) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, being Mr. Chen, Octopus Holdings, Celestial Spring, Mr. Tao and DBSAC as at the Announcement Date
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions

“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to the Scheme Conditions) involving the cancellation and reduction of all the Scheme Shares and the restoration of the number of issued Shares in the share capital of the Company to the amount immediately before the cancellation and reduction of the Scheme Shares
“Scheme Conditions”	the conditions to the implementation of the Scheme as set out in the section headed “Scheme Conditions” in this joint announcement
“Scheme Document”	the composite scheme document of the Company and the Offeror to be issued to all Shareholders containing, inter alia, further details of the Proposal together with the additional information specified in the section headed “Despatch of Scheme Document” in this joint announcement
“Scheme Record Date”	the date on which the Court Meeting is proposed to be held for the Independent Shareholders to consider and, if thought fit, approve the Scheme or such other date as shall have been announced to the Independent Shareholders, being the record date for the purpose of determining the entitlement of the Independent Shareholders to the Cancellation Price upon the Scheme becoming effective
“Scheme Record Time”	4:00 p.m. (Hong Kong time) on the Scheme Record Date
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror as at the Scheme Record Time on the Scheme Record Date
“Scheme Shareholder(s)”	holders of Scheme Shares as at the Scheme Record Time on the Scheme Record Date

“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 par value each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Trading Day”	a day on which the Stock Exchange is open for the business of dealings in securities

By Order of the Board of
Octopus (China) Holdings Limited
Chen Jianqiang
Director

By Order of the Board of
Springland International Holdings Limited
Chen Jianqiang
Director

Hong Kong, 1 November 2019

As at the Announcement Date, the sole director of the Offeror is Mr. Chen.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the Announcement Date, the directors of the Company are:

Executive director:

Mr. Chen Jianqiang (Chairman)

Non-executive directors:

Mr. Tao Qingrong

Mr. Fung Hiu Chuen, John

Independent non-executive directors:

Dr. Lin Zhijun

Dr. Zhang Weijiong

Mr. Cheung Yat Ming

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.