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You are cautioned not to place undue reliance on the forward-looking statements contained herein. We can give no assurance that these forward-looking statements will prove to have been correct. Expectations reflected in these forward-looking statements are subject to change and we undertake no obligation to publicly update or revise any forward-looking statements therein.



SPRINGLAND

Springland International Holdings Limited

華地國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Initial Public Offer of Springland International

(Hong Kong, 7 October 2010) **Springland International Holdings Limited** ("Springland International" or the "Company", SEHK stock code: 1700), a leading dual-format retail chain operator with business focus in the Greater Yangtze River Delta operating both department stores and supermarkets, today announced details of its global offering of shares (the "Global Offering") and the proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

The Global Offering of Springland International is initially for a total of 625,000,000 Shares (the "Offer Shares"), comprising an international offering of 562,500,000 Shares and a Hong Kong public offering of 62,500,000 New Shares, representing 90% and 10% of the total number of Offer Shares, respectively. Of the 562,500,000 International Offer Shares, a total of 437,500,000 New Shares are to be issued and offered for sale by the Company and 125,000,000 Sale Shares are to be offered for sale by the Selling Shareholders (subject to adjustment and the Over-allotment Option). The Offer Shares represent approximately 25% of the enlarged issued share capital of the Company immediately upon completion of the Global Offering.

The Offer Price (the "Offer Price") is currently expected to be no less than HK\$4.85 and will be no more than HK\$5.93 per Offer Share. The price determination date is expected to be on Thursday, 14 October 2010.

In connection with the Global Offering, the Over-allotment Selling Shareholders intend to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator. The Over-allotment Option gives the Sole Global Coordinator the right to require the Over-allotment Selling Shareholders to sell up to 93,750,000 additional Shares, representing in aggregate approximately 15% of the initial size of the Global Offering at the Offer Price to cover over-allocations in the International Offer.

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Springland International will raise from the Global Offering, after deducting underwriting fees and estimated expenses payable by the Company, a net proceeds of approximately HK\$2,551 million (assuming an Offer Price of HK\$5.39 per Share, being the midpoint of the Offer Price range), of which,

- approximately 60%, or approximately HK\$1,531 million will be used to develop the network of our stores. This amount of net proceeds will be used as follows:
 - approximately 30%, or approximately HK\$765 million will be used for the development of three department stores under the trade names of "Springland" and "Yaohan" and ten supermarkets under the trade names of "Datonghua" currently under construction;
 - approximately 5%, or approximately HK\$128 million will be used for refurbishment or expansion of existing stores, including Zhenjiang Yaohan Store and Wuxi Yaohan Store;
 - approximately 25%, or approximately HK\$638 million will be used for the development of other suitable department store or supermarket opportunities in the Greater Yangtze River Delta area, which in line with the Company's long-term development strategy;
- approximately 25%, or approximately HK\$638 million will be used to repay bank loans. As at 30 June 2010, the Company had total outstanding bank borrowings in the amount of RMB2,150 million. Springland International plans to use approximately HK\$638 million to settle part of the outstanding bank borrowings. The annual interest rates of these bank borrowings range from 2.73% to 5.94%. All these loans have been borrowed to fund the needs for working capital;
- approximately 5%, or HK\$128 million will be used to further develop the management system, enhance the logistics support system and the expansion of its headquarters; and
- the balance of not more than 10%, or HK\$255 million will be used for working capital and general corporate purposes.

Springland International is a geographically focused and dual-format retail chain operator in the Greater Yangtze River Delta, operating both department stores and supermarkets. The Company is a market leader in each of the regional markets where it operates. The Company operates department stores under the trade name of "Springland" and "Yaohan", while operating its supermarket business under the trade name of "Datonghua". Springland International currently operates 10 department stores and 16 supermarkets in the Greater Yangtze River Delta. In addition, as at the Latest Practicable Date, it has 3 department stores and 10 supermarkets currently under construction, which are expected to start operation between the end of 2010 and the fall of 2012.

Positioned at the mid to high-end of retail market in the Greater Yangtze River Delta, the Company's department stores offer a comprehensive range of modern and trendy merchandise from well-known international and domestic retail brands. The stores of the Company in Yixing, Jiangyin, Liyang, Danyang, Changshu and Jintan were ranked as the highest grossing department stores and/or supermarkets in 2009 in their respective regions, according to the relevant local branches of Ministry of Commerce. Leveraging on its leading position and extensive retail network, the Company improves its bargaining power with its suppliers and therefore enhance its profitability.

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The prime locations of stores and long-term access to such location are key factors for the success of the Company's retail business. Most of Springland International's stores are located on premises that it owns or has long-term leases, and are located in prime shopping districts of cities that have high population density and connected to extensive transportation links. Ownership and occupation of these locations gives it a strategic advantage over the competitors seeking entry into these regional markets. As at 31 July 2010, the total GFA of the properties the Company occupied was 712,973 sq.m., among which, 553,020 sq.m. were owned by the Company.

Springland International is one of the few retail chain operators in the Greater Yangtze River Delta specialising in both department stores and supermarkets. Its department store business and supermarket business are complementary to each other. Such dual-format retail business allows it to create a "one-stop" shopping experience for customers, to cater to a wider base of consumers and to satisfy a wider range of consumer needs, from daily necessities to fashion apparel. By strategically placing majority of the department stores and supermarkets close to each other, it is able to form a retail hub that offers consumers an extensive shopping experience and allows the Company to increase the synergies between department store business and supermarket business. The integration of department store and supermarket businesses also allows the Company to integrate marketing and promotional activities to maximize effectiveness.

Commenting on Springland International's business strategies, Mr. Chen Jianqiang, Chairman and CEO of the Company, said, "We are committed to maintaining and strengthening our market position in the regions where we have already had a presence. We also seek to undertake selective expansions, particularly in the provinces such as Jiangsu, Anhui and Zhejiang, with a view to becoming the dominant dual-format retail chain operator in the Greater Yangtze River Delta. To this end, we plan to enhance our market position by expanding presence in the Greater Yangtze River Delta, enhance the operating performance of existing stores, selectively acquire attractive stores, further improve our integrated management system, and increase synergies between department stores and supermarkets."

Morgan Stanley Asia Limited is the Sole Global Coordinator and Sole Sponsor, Morgan Stanley Asia Limited and DBS Asia Capital Limited are the Joint Bookrunners and Morgan Stanley Asia Limited, DBS Asia Capital Limited and CCB International Capital Limited are the Joint Lead Managers of the Global Offering.

The Hong Kong Public Offering is expected to open at 9:00 am, Friday, 8 October 2010 and is expected to close at 12:00 noon on Wednesday, 13 October 2010. Allotment results and the Offer Price are expected to be announced or made available on Wednesday, 20 October 2010. Dealings in the shares on the Main Board of the SEHK are expected to commence under stock code 1700 on Thursday, 21 October 2010.

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White Application Forms and Prospectus can be obtained from Morgan Stanley Asia Limited, DBS Asia Capital Limited and CCB International Capital Limited, or any of the designated branches of Bank of China (Hong Kong) Limited and DBS Bank (Hong Kong) Limited; or on-line via the designated White Form eIPO Service Provider at www.eipo.com.hk. Applicants can also instruct the Hong Kong Securities Clearing Company Limited to effect their applications by using the Yellow Application Forms or via electronic instructions.

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Springland International Holdings Limited
Offering Statistics at-a-Glance

Global Offering	:	625,000,000 shares <i>(Subject to the Over-allotment Option)</i>	
Offering Structure			
♦ Hong Kong Public Offering	:	62,500,000 shares <i>(Subject to adjustment)</i>	
♦ International Offering	:	562,500,000 shares <i>(Subject to adjustment and the Over-allotment Option)</i>	
Proposed Offer Price Range	:	HK\$4.85 – HK\$5.93 per Offer Share	
		<i>Based on an Offer Price of HK\$4.85</i>	<i>Based on an Offer Price of HK\$5.93</i>
Market Capitalisation upon completion of the Global Offering ⁽¹⁾	:	HK\$12,125 million	HK\$14,825 million
Prospective price/earnings multiple - on a pro forma fully diluted basis ⁽²⁾	:	28.2 times	34.5 times
Forecast consolidated profit attributable to equity holders of the Company	:	Not less than RMB370 million (approximately HK\$429 million)	
Expected Listing Date	:	21 October 2010 (Thursday)	
Stock Code	:	1700	
No. of Shares per lot		1,000	

Note:

(1) The calculation of market capitalisation is based on 2,500,000,000 Shares, assuming no exercise of the Over-allotment Option.

(2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share on a pro forma fully diluted basis at the respective Offer Prices of HK\$4.85 and HK\$5.93 per Share, assuming that the Global Offering had been completed on 1 January 2010 and a total of 2,500,000,000 Shares were issued and outstanding during the entire year.

Track Record

The following is a summary of the consolidated results of Springland International for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010

	Year ended 31 December			Six months ended 30 June	
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u> <i>(unaudited)</i>	<u>2010</u>
<i>(RMB '000)</i>					
Revenue	2,001,347	2,245,987	2,286,050	1,158,411	1,494,172
Other income	133,578	195,415	236,099	123,242	158,822
Profit before tax	265,766	303,642	347,101	188,574	307,598
Profit for the year	218,668	219,612	248,808	134,555	228,578

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