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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS OF FINAL RESULTS

- **Total Sales Proceeds ("TSP")[1] recorded RMB11,188 million, representing a YoY increase of 2.7%; TSP from the department store division recorded RMB8,216 million, representing a YoY increase of 2.2% and TSP from the supermarket division recorded RMB2,972 million, representing a YoY increase of 4.3%**
- **Same store sales YoY change[2] for department store division and supermarket division remained at 0.4% and -3.4% respectively**
- **Profit for the year was RMB338 million, representing a YoY increase of 5.0%**
- **Earnings per share was RMB15 cents**
- **Proposed final dividend of HK$5 cents per share**

1 TSP represents the sum of gross revenue from concessionaire sales, revenue from direct sales and rental income.
2 Same store sales YoY change represents change in total gross sales proceeds for stores having operations through the comparable period.

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Springland International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively hereafter referred to as the "Group") for the year ended 31 December 2017, together with comparative figures for the previous year of 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	4	4,444,039	4,192,723
Other income and gains	5	671,601	711,317
Purchase of and changes in inventories		(2,600,439)	(2,480,538)
Staff costs		(702,988)	(667,339)
Depreciation and amortisation		(485,287)	(438,871)
Rental expenses		(106,292)	(94,076)
Other expenses	6	(623,621)	(651,506)
Finance costs	7	(65,751)	(75,282)
PROFIT BEFORE TAX		531,262	496,428
Income tax expense	8	(192,767)	(174,041)
PROFIT FOR THE YEAR		338,495	322,387
Attributable to:			
Owners of the parent		340,019	325,058
Non-controlling interests		(1,524)	(2,671)
		338,495	322,387
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	0.15	0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

	2017 RMB'000	2016 RMB'000
PROFIT FOR THE YEAR	338,495	322,387
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	73,069	(74,285)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	73,069	(74,285)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	73,069	(74,285)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	411,564	248,102
Attributable to:		
Owners of the parent	413,088	250,773
Non-controlling interests	(1,524)	(2,671)
	411,564	248,102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		9,124,065	8,772,195
Prepaid land premiums		1,627,588	1,676,148
Other intangible assets		26,955	29,199
Goodwill	11	250,384	250,384
Available-for-sale investments		5,188	2,550
Long-term prepayments		12,942	19,371
Deferred tax assets		111,151	111,290
Restricted cash	14	113,158	108,908
Long-term time deposits at banks	14	-	177,979
Due from the controlling shareholder	12	99,984	117,974
Total non-current assets		11,371,415	11,265,998
CURRENT ASSETS			
Inventories		351,108	417,646
Trade receivables	13	6,412	10,663
Prepayments, deposits and other receivables		430,792	316,945
Derivative financial instruments		-	11,487
Cash and cash equivalents	14	511,198	401,592
		1,299,510	1,158,333
Assets of a disposal group classified as held for sale		-	26,400
Total current assets		1,299,510	1,184,733
CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	1,467,948	1,739,204
Trade payables	18	1,278,855	1,290,133
Other payables and accruals		2,449,601	2,471,663
Derivative financial instruments		13,270	-
Tax payable		50,875	56,547
		5,260,549	5,557,547
Liabilities directly associated with the assets classified as held for sale		-	4,769
Total current liabilities		5,260,549	5,562,316
NET CURRENT LIABILITIES		(3,961,039)	(4,377,583)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,410,376	6,888,415

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 DECEMBER 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	396,000	-
Medium term financing notes	16	309,974	309,074
Corporate bonds	17	817,070	814,670
Long-term payables		77,107	62,614
Deferred tax liabilities		559,733	561,625
Total non-current liabilities		2,159,884	1,747,983
Net assets		5,250,492	5,140,432
EQUITY			
Equity attributable to owners of the parent			
Issued capital	19	19,146	20,127
Treasury shares	19	(54)	(112)
Reserves		5,066,312	4,951,352
		5,085,404	4,971,367
Non-controlling interests		165,088	169,065
Total equity		5,250,492	5,140,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Springland International Holdings Limited was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2006 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 October 2010.

The Group are principally engaged in the operation of department stores and supermarkets in Mainland China. In the opinion of the Directors, the ultimate holding company of the Group is Octopus Holdings Foundation, a company incorporated in the Cayman Islands.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. In this year, the Group has applied a number of revised IFRSs. The adoption of the new and revised IFRSs has had no significant financial effect on the consolidated financial statements of the Group for the current accounting period.

3. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

- Department store segment
- Supermarket segment

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, fair value gains from the Group's financial instruments, fair value gains on disposal available-for-sale listed investments, gains on disposal of unquoted current investments, stated at cost as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude the Group's available-for sale investments, deferred tax assets, restricted cash, long-term time deposits at banks, tax recoverable, amounts due from the controlling shareholder, derivative financial instruments, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, derivative financial instruments, tax payable, medium term financing notes, corporate bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. Operating segment information (continued)

Year ended 31 December 2017	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	1,767,320	2,676,719	4,444,039
Segment results	625,288	66,995	692,283
Reconciliation:			
Interest income and unallocated gains			37,323
Corporate and other unallocated expenses			(132,593)
Finance costs			(65,751)
Profit before tax			531,262
Segment assets	10,094,446	1,570,634	11,665,080
Reconciliation:			
Corporate and other unallocated assets			1,005,845
Total assets			12,670,925
Segment liabilities	2,880,976	812,688	3,693,664
Reconciliation:			
Corporate and other unallocated liabilities			3,726,769
Total liabilities			7,420,433
Other segment information			
Depreciation and amortisation	391,459	90,584	482,043
Corporate and other unallocated amounts			3,244
Total depreciation and amortisation			485,287
Provision/(write-back of provision) for slow-moving inventories	(1,938)	855	(1,083)
Impairment of property, plant and equipment	1,759	6,387	8,146
Impairment of other intangible assets	-	2,838	2,838
Capital expenditure	752,916	79,145	832,061
Corporate and other unallocated amounts			1,023
Total capital expenditure*			833,084

3. Operating segment information (continued)

Year ended 31 December 2016	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	1,620,961	2,571,762	4,192,723
Segment results	601,963	85,190	687,153
Reconciliation:			
Interest income and unallocated gains			66,235
Corporate and other unallocated expenses			(181,678)
Finance costs			(75,282)
Profit before tax			496,428
Segment assets	9,746,224	1,691,330	11,437,554
Reconciliation:			
Corporate and other unallocated assets			986,777
Assets of a disposal group classified as held for sale			26,400
Total assets			12,450,731
Segment liabilities	2,990,995	869,004	3,859,999
Reconciliation:			
Corporate and other unallocated liabilities			3,445,531
Liabilities directly associated with the assets classified as held for sale			4,769
Total liabilities			7,310,299
Other segment information			
Depreciation and amortisation	347,824	86,940	434,764
Corporate and other unallocated amounts			4,107
Total depreciation and amortisation			438,871
Provision/(write-back of provision) for slow-moving inventories	783	(648)	135
Impairment of goodwill	54,056	-	54,056
Capital expenditure	706,864	334,523	1,041,387
Corporate and other unallocated amounts			11,871
Total capital expenditure*			1,053,258

3. Operating segment information (continued)

* Capital expenditure consists of additions to property, plant and equipment and prepaid land premiums including assets from the acquisition of subsidiaries.

Geographical information

All of the Group's revenue is derived from customers based in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Information about major customers

No revenue derived from sales to a single customer or a group of customers under the common control accounted for 10% or more of the Group's revenue for the year.

4. Revenue

Revenue represents the net amount received and receivable for goods sold by the Group to external customers, less allowances for returns and trade discounts; commission income from concessionaire sales, net of sales taxes and surcharges; and other revenue that arises in the ordinary course of business.

An analysis of revenue is as follows:

	2017 RMB'000	2016 RMB'000
Sales of goods - direct sales	2,950,247	2,788,789
Commission income from concessionaire sales (Note)	1,280,122	1,235,436
Total turnover	4,230,369	4,024,225
Rental income	207,659	166,690
Provision of food and beverage services	6,011	1,808
Total revenue	4,444,039	4,192,723

Note:

The commission income from concessionaire sales is analysed as follows:

	2017 RMB'000	2016 RMB'000
Gross revenue from concessionaire sales	8,029,994	7,933,697
Commission income from concessionaire sales	1,280,122	1,235,436

5. Other income and gains

	2017 RMB'000	2016 RMB'000
Other income		
Fee income from suppliers	622,455	632,283
Interest income	20,766	30,815
Subsidy income	16,835	15,949
Others	11,455	20,783
	671,511	699,830
Gains		
Fair value gains, net:		
Derivative instruments		
- transactions not qualifying as hedges	-	11,487
Foreign exchange difference	90	-
	90	11,487
	671,601	711,317

6. Other expenses

Other expenses mainly include utility expenses, advertising and promotion expenses, loss on disposal of property, plant and equipment, impairment of property, plant and equipment, impairment of other intangible assets, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax and government surcharges and other miscellaneous expenses.

7. Finance costs

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on short-term financing notes	-	12,503
Interest on medium term financing notes	15,240	11,775
Interest on corporate bonds	41,360	21,870
Interest on bank borrowings wholly payable within five years	62,119	78,415
Less: Interest capitalised	(52,968)	(49,281)
	65,751	75,282

8. Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group and the Company are not liable for income tax in Hong Kong as they did not have assessable income sourced from Hong Kong during the year.

The Company is a tax-exempted company incorporated in the Cayman Islands.

Under the People's Republic of China (the "PRC") Corporate Income Tax Law (the "New CIT Law"), the income tax rate became 25% starting from 1 January 2008. Therefore, provision for the PRC income tax has been made at the applicable income tax rate of 25% (2016: 25%) on the assessable profits of the subsidiaries of the Group established in Mainland China (the "PRC Subsidiaries").

	2017 RMB'000	2016 RMB'000
Current - PRC corporate income tax charge for the year	180,069	178,980
Deferred	12,698	(4,939)
Total tax charge for the year	192,767	174,041

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2017 RMB'000	2016 RMB'000
Profit before tax	531,262	496,428
Tax at the statutory tax rate of 25% (2016: 25%)	132,816	124,107
Expenses not deductible for tax	22,762	19,630
Effect of withholding tax on the distributable profits of the PRC Subsidiaries	11,608	10,983
Tax losses not recognised	25,581	19,321
Tax charge at the Group's effective rate	192,767	174,041

9. Dividends

	2017 RMB'000	2016 RMB'000
Interim – HK$3 cents (2016: HK$3 cents) per ordinary share	58,640	61,238
Proposed final – HK$5 cents (2016: HK$5 cents) per ordinary share	88,890	103,332
	147,530	164,570

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The amount which the PRC Subsidiaries can legally distribute by way of dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements prepared in accordance with the accounting rules and regulations in the PRC.

10. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB340,019,000 (2016: RMB325,058,000), and the weighted average number of ordinary shares of 2,289,041,027 (2016: 2,383,042,762) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

11. Goodwill

	2017 RMB'000	2016 RMB'000
As at 1 January		
Cost	329,440	329,440
Accumulated impairment (*Note*)	(79,056)	(25,000)
Net carrying amount	250,384	304,440
Cost at 1 January, net of accumulated impairment	250,384	304,440
Impairment during the year (*Note*)	-	(54,056)
Cost and net carrying amount at 31 December	250,384	250,384
As at 31 December		
Cost	329,440	329,440
Accumulated impairment	(79,056)	(79,056)
Net carrying amount	250,384	250,384

11. Goodwill (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the department store cash-generating units for impairment testing, including Wuxi Yaohan Commerce & Trade Center Co., Ltd. ("Wuxi Yaohan"), Zhenjiang Baisheng Commercial Co., Ltd ("Zhenjiang Baisheng") and Nantong Yaohan Commerce & Trade Joint Stock Company Ltd ("Nantong Yaohan"). The recoverable amount of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to all cash flow projections are 13.5% (2016: 13.5%).

The growth rates used to extrapolate the cash flows of the cash-generating units beyond the five-year period from the end of the reporting period are 2% for all years. The growth rates are below the average growth rate of the retail industry for the past 10 years. Senior management of the Company believes that using a lower growth rate is a more conservative and reliable choice for the purpose of this impairment testing.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Wuxi Yaohan		Zhenjiang Baisheng		Nantong Yaohan		Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	2017	2016	2017	2016	2017	2016	2017	2016
Carrying amount of goodwill	87,122	87,122	122,945	122,945	40,317	40,317	250,384	250,384

Assumptions were used in the value in use calculation of the department store cash-generating units for 31 December 2017 and 31 December 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Store revenue:
the bases used to determine the future earnings potential are average historical sales and expected growth rates of the retail market in Mainland China.

Gross margins:
the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Expenses:
the basic factors used to determine the values assigned are staff costs, rental expenses and other expenses. Values assigned to the key assumptions reflect past experience and management's commitment to maintain the Company's operating expenses at an acceptable level.

Discount rate:
the discount rate used is after tax and reflects management's estimate of the risks specific to the cash-generating unit. In determining an appropriate discount rate for the unit, regard has been given to the applicable borrowing rate of the industry in the current year.

11. Goodwill (continued)

The values assigned to the key assumptions on discount rates are consistent with external information sources.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the department store cash-generating unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the cash-generating unit to materially exceed the recoverable amount.

Notes:
As at 31 December 2014, as the progress of extension and renovation of an existing property of Yangzhou Fengxiang Commerce Co., Ltd. ("Yangzhou Fengxiang") did not meet management's expectation, management recognised an impairment charge of RMB25,000,000 against the carrying amount of RMB56,728,000. As at 31 December 2016, the operating outcome continued not to meet management's expectation, and management recognised a full impairment against the net carrying amount of RMB31,728,000.

As at 31 December 2016, as the operating results of Nanjing Yaohan Commerce & Trade Co., Ltd. did not meet management's expectation which relates to municipal reconstruction of Hunan road in Nanjing, management closed the department store and recognised a full impairment against the carrying amount of RMB22,328,000.

12. Due from the Controlling Shareholder

The Group had an outstanding balance due from the controlling shareholder of RMB100,000,000 as principal and RMB16,000 as interest prepayment at 31 December 2017 (2016: RMB118,000,000 as principal and RMB26,000 as interest prepayment). This balance is unsecured, bearing interest at a rate of 3.5% per annum from 1 January 2017 and shall be repaid on or before 31 December 2019.

13. Trade receivables

All of the Group's sales are on a cash basis except for certain bulk sales of merchandise which are credit sales. The credit terms offered to customers are generally one month.

None of the balances of the trade receivables at each reporting date is either past due or impaired.

An aging analysis of the trade receivables at the reporting date, based on the invoice date, is as follows:

	2017	2016
	RMB'000	RMB'000
Within one month	6,412	10,663

14. Cash and cash equivalents and restricted cash

	2017 RMB'000	2016 RMB'000
Cash and bank balances	275,731	337,394
Time deposits	348,625	351,085
	624,356	688,479
Less: Restricted cash with maturity date over one year	(113,158)	(108,908)
Long-term time deposits at banks	-	(177,979)
Cash and cash equivalents	511,198	401,592

The Group's cash and bank balances and time deposits at the reporting date are denominated in the following currencies:

	2017 RMB'000	2016 RMB'000
RMB	523,391	601,695
US$	47,297	61,621
HK$	51,884	21,997
SGD	1,777	3,166
EUR€	7	-
	624,356	688,479

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one month and five years depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks. The carrying amounts of the cash and cash equivalents and time deposits approximate to their fair values.

Pursuant to the relevant rules and regulations issued by the Ministry of Commerce of the PRC, the Group was required to deposit bank balances (or through issuing the letter of bank guarantee to deposit) in the Group's designated accounts, which amounted to no less than 30% of the balance of advances from customers for sales of prepaid cards. As at 31 December 2017, certain of the Group's cash amounting to RMB113,158,000 (2016: RMB108,908,000) represents the above balances in the Group's designated accounts.

15. Interest-bearing bank borrowings

	2017 RMB'000	2016 RMB'000
Bank loans:		
Unsecured	1,863,948	1,739,204
	1,863,948	1,739,204
Bank loans repayable:		
Within one year or on demand	1,467,948	1,739,204
Over one year but within two years	3,000	-
Over two year but within five years	393,000	-
	1,863,948	1,739,204
Total bank borrowings	1,863,948	1,739,204
Less: Portion classified as current liabilities	(1,467,948)	(1,739,204)
Long-term portion	396,000	-

Bank loans bear interest at fixed rates or floating rates.

The Group's bank loans bore interest at effective interest rates ranging from 2.5% to 4.8% per annum as at 31 December 2017 and 1.8% to 4.8% per annum as at 31 December 2016.

The Group's interest-bearing bank borrowings at the reporting date are denominated in the following currencies:

	2017 RMB'000	2016 RMB'000
RMB	649,000	310,000
US$	1,122,493	1,366,589
HK$	92,455	62,615
	1,863,948	1,739,204

16. Medium term financing notes

The aggregate principal amount of up to RMB2.0 billion was approved by the National Association of Financial Market Institutional Investors and the Group issued its first tranche of medium term financing notes at par value of RMB300 million to domestic institutional investors in the PRC on 25 March 2016. The nominal interest rate is 4.78% per annum and the effective interest rate is 5.13% per annum. The term of the medium term financing notes was 3 years from the date of issuance. The interest shall be paid on an annual basis. In March 2017, the Group paid the interest of first year in the amount of RMB14.34 million.

17. Corporate bonds

The aggregate principal amount of up to RMB2.0 billion was approved by the China Securities Regulatory Commission and the Shanghai Stock Exchange in May 2016 and the Group issued its first tranche of corporate bonds at par value of RMB800 million to public qualified investors in the PRC on 21 June 2016. The nominal interest rate is 4.87% per annum and the effective interest rate is 5.22% per annum. The term of the corporate bonds was 3 years from the date of issuance. The interest shall be paid on an annual basis. In June 2017, the Group paid the interest of first year in the amount of RMB38.96 million.

18. Trade payables

An aging analysis of the trade payables at the reporting date, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Within three months	1,024,983	1,101,521
Over three months but within six months	150,185	90,563
Over six months but within one year	57,989	55,075
Over one year	45,698	42,974
	1,278,855	1,290,133

The trade payables are non-interest-bearing and are normally settled on terms of up to 60 days.

19. Issued capital

	2017 RMB'000	2016 RMB'000
Issued and fully paid 2,217,185,000 (2016: 2,330,760,000) ordinary shares	19,146	20,127

A summary of the movements of the Company's issued capital is as follows:

	No. of shares at HK$0.01 each Thousands	RMB'000
At 1 January 2016	2,421,050	20,907
Shares repurchased and cancelled	(90,290)	(780)
At 31 December 2016, and 1 January 2017	2,330,760	20,127
Shares repurchased and cancelled	(113,575)	(981)
At 31 December 2017	2,217,185	19,146

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of shares at HK$0.01 each Thousands	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration HK$'000	Equivalent to RMB'000
March 2017	2,750	1.43	1.35	3,858	3,425
April 2017	3,000	1.44	1.40	4,257	3,771
May 2017	8,123	1.87	1.41	13,301	11,702
June 2017	3,900	1.88	1.84	7,324	6,357
August 2017	10,168	1.50	1.41	15,176	12,768
September 2017	24,892	1.50	1.36	35,923	30,522
October 2017	12,410	1.46	1.40	17,725	15,063
November 2017	22,450	1.64	1.45	34,817	29,397
December 2017	19,130	1.90	1.60	32,523	27,186
	106,823			164,904	140,191

19. Issued capital (continued)

The Company repurchased 106,823,000 shares during the year ended 31 December 2017. The nominal value of approximately HK$1,068,000, equivalent to RMB923,000 (2016: HK$1,033,000, equivalent to RMB892,000) was credited to issued capital account, and the premium paid or payable and the related costs incurred for the share repurchase of approximately HK$163,836,000, equivalent to RMB139,269,000 (2016: HK$119,118,000, equivalent to RMB102,483,000) was charged against share premium account of the Company.

Included in the repurchased shares, 113,575,000 shares were cancelled during the year ended 31 December 2017. The nominal value of approximately HK$1,136,000, equivalent to RMB981,000 (2016: HK$903,000 , equivalent to RMB780,000) was credited to issued capital account from treasury shares accounts.

The remaining 6,235,000 shares were not cancelled and still recognised as treasury shares as at 31 December 2017. The nominal value was approximately HK$62,000, equivalent to RMB54,000 (2016: HK$130,000, equivalent to RMB112,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back to 2017, China's economy as a whole maintained steady growth. For the first time, China's GDP, which turned round since its fall in 2011, stabilized and then rebounded, and hit over RMB80 trillion. With the contribution of the Chinese retail industry, consumption has become a stabilizer which stimulates the economy. After suffering a harsh economic winter, the impact of the internet and structural adjustment, the China retail industry continued to adjust and innovate and it picked up gradually. Giant Internet Company poured resources and capital into offline businesses, therefore online and offline retail closely merged. The "new retail" became active and the focus of the year, with new ventures, new technologies, new kinds of business and new playing methods continually emerging.

Springland continues to evolve, change and transform. The total sales proceeds, operating profit and financial index have achieved the budget. The total sales proceeds of the Group went up by 2.7% to approximately RMB11.2 billion as compared with previous year, while the profit attributable to equity holders of the parent amounted to approximately RMB340 million, an increase of 4.6% year-on-year. The basic earnings per share was RMB15 cents. In light of the financial performance of the Group, the Board proposes a final dividend of HK$5 cents per share for the year ended 31 December 2017.

Strategies

In 2017, under the established strategic directions, Springland continued to seek transformation actively, and continued to meet consumer trends and customer needs. The initial effect has been achieved through adjustments to operations, products, services and marketing.

In department stores, Springland reshaped the operation, development position, orientation and strategy of stores in accordance with three store format including model department stores, shopping malls and commercial properties together with a “one store, one case” strategy. In the meantime, we endeavored to maintain Springland’s retail edge by increasing scene-oriented consumption, comfort in experiential consumption, shopping convenience and functional venue. We were brands orientated. Our goods reinforced a lifestyles concept, cost-effectiveness and suited to the Millennium categories. We also continued to enrich products and services such as in-store dining, children’s education and fitness centers, to meet the improving quality of life and to enhance the advantages of retail of department store.

Supermarkets emphasised the freshness of their food and the availability of promising supply chain. Datonghua increased the number of nearby vegetable bases and cooperated with well-known distributors in Eastern China. We tried to promote the standardization of planting and packaging in the bases and cooperated with agency and commune of the product origin to establish a long-term stable supply mechanism, which ensured freshness and price competitive. The fresh and cold chain logistic processing center will be launched soon. Being an upgraded component in the supermarket fresh supply chain, the center provides cold chain standardized control to meet the Group’s regional strategic plan.

In the new retail era, the Group actively embraced the Internet and new technologies. New media marketing will focus on the development of service numbers, encouraging members to bind their electronic cards for various functions including bonus point inquiries and exchanges, smart parking, panoramic maps, and coupons redemption. It simplified the previous operations in stores and optimized the consumer's shopping experience. In 2017, consumption contributed by the Group’s members increased to 65.0% of total sales.

In terms of store expansion, the Group continued to focus on strategic areas, and opened new stores that can better serve its customers with quality service and valuable products, so as to achieve a steady increase in the number of stores. Wuhu Yaohan Lifestyle Shopping Mall was grand opened on 8 December, 9 new supermarkets were also opened, most of which were community stores. As the most efficient retail format with the closest connection with consumers, we are always optimistic in the future value of the sustainability of commerce property.

Operations review

Department store reinventing new in-store experience & reshape store positioning

On the basis of the three store format, including model department stores, shopping mail and commercial properties, the Group carried out large scale store upgrading in Wuxi Yaohan, Nantong Yaohan, Changxing Yaohan, Yixing Yaohan Lifestyle Shopping Mall, Jiangyin Yaohan, Yangzhou Wanjiafu, etc. In accordance with the modern department store model to upgrade Wuxi Yaohan, by launching prestige stores, including unique flagship store, lifestyle venue, high-end restaurants, the Group further improved the product mix which drew vast numbers of visitor traffic and improved its competitiveness in the local market. Nantong Yaohan, Changxing Yaohan and Jiangyin Yaohan carried out store and brand upgrading that enhanced reputation of Yaohan in the local market. In accordance with the shopping mall model, the Group continuously optimized its business portfolio in Yixing Yaohan Lifestyle Shopping Mall and Jiaxing Yaohan Lifestyle Shopping Mall. Based on the commercial properties model, Yangzhou Wanjiafu will transform and upgrade to a stylish family store which also resulted in an increase in the proportion of rentable area.

Expand experiential business, enrich product supply & optimize product portfolio

The department store business actively responded to consumer needs and continued to optimize in-store merchandise mix and "new elements" were enriched. New elements have the characteristics of lifestyle concept, cost-effectiveness and youth. They cover the current consumption hot spots, including fast fashion, accessories, beauty and personal care as well as lifestyle home products, which meet the demand from a new consumption generation. The Group continued to add in-store experiences, creating environments that attract and delight consumers through features like spas, cafes, children's education, theatres, art exhibitions, and a host of other amenities, along with personalized services, in-store kiosks and more.

The Group provided products with competitive prices and high quality which meet the customer's demands on health and safety. The supermarket division continuously improved the competitiveness of products by investing in its self-owned/cooperating with agricultural production base and investing in fresh and cold chain logistic processing center as well as importing high quality imported products. We continue to set up our cooperative agricultural model, which includes developing agricultural base and channel and purchasing from vegetable economic organizations, to meet the Group's freshness demand throughout the year.

Marketing strategies

Upgrade information system & improve management efficiency

The new CRM system will analyze a large amount of member data and provide information on customer's personal attributes, user's active attributes and product brand and transaction attributes. An accurate analysis of consumer behaviour will support an effective marketing approach and enable associates to provide more personalized service and recommendations. The system delivers the correct incentive for the right identified consumer and promoted store visiting frequency and stock turnover rate. Mobile payments make shopping more convenient and are a way to collect data.

Full range of marketing practices to meet customer scenario of consumption

Marketing campaigns are an important means to drive sales in the retail industry. In the year, the headquarter strengthened its coordination on deploying O2O all-channel marketing and cross-industry collaboration. Departments included added shopping mall elements and created "interactive scene experiences", "interactive entertainments", "integration of digital media", and "cross-industry service experience". We actively integrate brand, alliance units, media and social resources, co-organised cyber game competition and cooperated events with banks to draw large numbers of visitor traffic.

Embrace internet & increase interactive experience

Under the new retail era, companies make use of effective online resources which bring sales and increase awareness of the business. On October 2017, all department stores upgraded the WeChat subscription number to WeChat service number and were connected to e-member cards. This has become one of the key points for its new media marketing of the Group that enhances member state-of the art shopping experience and accelerates the creation of multi-channel interactive digital media system, both are better serving the customers. The Group's unique theme of marketing focused on social networks such as the push advertisement on WeChat with combined spread of content through social networks.

Network expansion

In December 2017, the Group introduced the comprehensive lifestyle shopping mall in Wuhu City, Anhui Province. Wuhu Yaohan Lifestyle Shopping Mall, being the Group's fourth store in Anhui Province has a total gross floor area of approximately 193,000 square meters and has introduced various features and fashionable brands for shopping, catering, entertainment and culture activities along with a comprehensive range of business forms. The Group carried through its "1+N"expansion strategy in supermarket business to expand its network by opening 9 supermarkets, mainly community stores. The Group further expanded its network by providing management services to property owners. In March 2018, the Group entered into an operation management contract with a shopping mall at Shaoxing City, Zhejiang Province. It has a total gross floor area of approximately 68,000 square meters.

At year-end 2017, the Group operated 19 department stores and comprehensive lifestyle shopping malls with a gross floor area of 1,050,000 square meters and the managed store, Gaochun Yaohan department store, with a gross floor area of 39,000 square meters. The Group's gross floor area for department stores and shopping malls increased 8.1% from a total of 972,000 square meters in 2016. The Group also operated 60 supermarkets, with a gross floor area of 481,000 square meters, representing an increase of 9.0% from 2016.

Prospects

According to the "Report on the Development of China's Consumption Market in 2018" recently released by the Research Institute of China Council for the Promotion of International Trade, quantity expansion of consumption, improvement of growth quality and enhancement of the effect of economic development may become a prominent highlight of consumption in 2018. It is expected that the total retail sales of social consumer goods in 2018 will exceed RMB40 trillion, representing an increase of about 10%. Under good external conditions, the retail industry train is running extremely fast with the development of technology, access to capital and speeding up of new retail. However, the future is unknown. Consumer trends are changing rapidly. The development of the industry has no historical experience or international experience to learn from.

Under such circumstances, companies should maintain a rational attitude and clearly understand their current priority, which is to pay more attention to product management and to build up service capabilities, and eventually focus on the provision of products and services. This is because practice has proved that no matter how the environment changes, these are the fundamental aspects of consumption. Springland will also deeply explore local fine management by relying on branding, data, technology and the assurance of supply chain, as well as an open and inclusive business philosophy, and a comprehensive and rigorous business strategy. Efficiencies with respect to products, marketing, venues and personnel will be improved. We believe that by doing so, the value of quality offline retail brands will eventually increase sharply to reflect their true valuations.

FINANCIAL RESULTS

The Group's TSP was RMB11,188 million for the year ended 31 December 2017. Profit for the year was RMB338 million. The Directors of the Company recommended the payment of a final dividend for the year ended 31 December 2017 of HK$5 cents per share.

Revenue & TSP

	Year ended 31 December 2017			Year ended 31 December 2016		
	Department store division	Supermarket division	Total	Department store division	Supermarket division	Total
	RMB million			RMB million		
Revenue						
Direct sales	**400**	**2,550**	**2,950**	323	2,466	2,789
Commission income from concessionaire sales	**1,228**	**52**	**1,280**	1,188	47	1,235
Rental income	**133**	**75**	**208**	108	59	167
Provision of food and beverage services	**6**	**-**	**6**	2	-	2
Total	**1,767**	**2,677**	**4,444**	1,621	2,572	4,193
TSP						
Direct sales	**400**	**2,550**	**2,950**	323	2,466	2,789
Gross revenue of concessionaire sales	**7,683**	**347**	**8,030**	7,610	323	7,933
Rental income	**133**	**75**	**208**	108	59	167
Total	**8,216**	**2,972**	**11,188**	8,041	2,848	10,889
Same store sales change	**0.4%**	**-3.4%**		-5.8%	-8.7%	

Department store division:

TSP from the department store division increased to RMB8,216 million (2016: RMB8,041 million), and same store sales rebounded by 0.4%. Direct sales as a percentage of TSP from the department store division was 4.9% (2016: 4.0%) while gross revenue of concessionaire sales as a percentage of TSP from the department store division was 93.5% (2016: 94.7%) for 2017.

TSP by five largest stores

The Group has increased the number of its stores, and so the five largest stores aggregate contribution to TSP decreased from 54.3% of last year to 52.5% of 2017.

TSP by merchandise categories

In 2017, fashion and apparel accounted for approximately 38.7% (2016: 39.1%); merchandise related to cosmetics accounted for approximately 6.9% (2016: 6.0%); watches, gold and jewelry accounted for approximately 23.6% (2016: 23.8%); footwear accounted for approximately 8.2% (2016: 9.1%); athletic apparel and casual wear accounted for approximately 11.2% (2016: 10.4%); children's and have furnishing accounted for approximately 7.1% (2016: 7.1%); the remaining categories including household and electronic appliances, rental income and others accounted for the remaining 4.3% (2016: 4.5%) of TSP of the department stores division.

Commission rate from concessionaire sales and Comprehensive Gross Margin[3]

In 2017, the commission rate from concessionaire sales was 16.0%, representing an increase of 0.4 percentage points from 15.6% in 2016. The Comprehensive Gross Margin of department store division was 21.9%, representing an increase of 0.8 percentage points from 2016.

<u>Supermarket division:</u>

In 2017, TSP of the supermarket division reached RMB2,972 million (2016: RMB2,848 million) increased 4.3% year-on-year. It resulted from a net drop off in same store sales of 3.4% and sales contributed from newly opened supermarkets.

TSP by merchandise categories

Fresh food accounted for approximately 41.8% (2016: 41.8%), dry foods accounted for approximately 30.2% (2016: 30.3%), non-food accounted for approximately 23.4% (2016: 23.6%) and the remaining categories including rental income and others accounted for the remaining 4.6% (2016: 4.3%) of the TSP of the supermarket division.

Direct sales margin and Comprehensive Gross Margin

Revenue from direct sales in the supermarket division increased from RMB2,466 million in 2016 to RMB2,550 million in 2017, representing a slight increase of 3.4%. The direct sales margin was 12.3% (2016: 11.4%). The Comprehensive Gross Margin was 22.9% (2016: 23.2%). The Group intended to maintain the Comprehensive Gross Margin stable by increasing investments in equipment and technology to expand the contribution from fresh food and to enhance products quality and reduce wastage as well as cost efficiency from strengthening the supply chain and merchandise categories.

Rental income

Rental income increased by 24.6% to RMB208 million in 2017 from RMB167 million in 2016, mainly due to increased rentable area and improved tenant mix in the year.

[3] Comprehensive Gross Margin is calculated as comprehensive gross profit divided by Total Sales Proceeds. Comprehensive gross profit included the gross profit of direct sales, commission income from concessionaire sales, rental income and other income, mainly derived from the services fee collected from concessionaires and suppliers.

Fee income from suppliers

In 2017, fee income from suppliers was RMB622 million (2016: RMB632 million), fee income from suppliers as a percentage of TSP dropped to approximately 5.6% for 2017 from 5.8% for 2016. Fee income from suppliers including promotion fees, management fees paid by suppliers for participating in promotional activities, reimbursing electricity charge and material, etc.

Purchase of and changes in inventories

The purchase of and changes in inventories represents the cost of sales for direct sales of goods. It increased by 4.8% to RMB2,600 million in 2017 from RMB2,481 million in 2016.

Expenses

	Year ended 31 December 2017					Year ended 31 December 2016				
	Department store division	Supermarket division	Head quarter	Total	% of TSP	Department store division	Supermarket division	Headquarter	Total	% of TSP
	(RMB'million)					(RMB'million)				
Staff costs	**349**	**286**	**68**	**703**	**6.3%**	321	263	83	667	6.1%
Depreciation and amortisation	**391**	**91**	**3**	**485**	**4.3%**	348	87	4	439	4.0%
Rental expenses	**21**	**80**	**5**	**106**	**0.9%**	16	72	6	94	0.9%
Other expenses	**411**	**157**	**56**	**624**	**5.6%**	410	153	89	652	6.0%
Total	**1,172**	**614**	**132**	**1,918**	**17.1%**	1,095	575	182	1,852	17.0%

Expenses consisted of staff costs, depreciation and amortisation, rental expenses and other expenses. Other expenses mainly included utility expenses, advertising and promotion expenses, loss on disposal of property, plant and equipment, impairment of property, plant and equipment, impairment of other intangible assets, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax and government surcharges as well as other miscellaneous expenses.

In 2017, total expenses of the Group as a percentage of TSP was 17.1% (2016: 17.0%) and total expenses increased by 3.6% to RMB1,918 million from RMB1,852 million in 2016. The growth was primarily attributable to the increase in the number of stores in accordance with the expansion of store network, which resulting the rise in staff costs, depreciation and amortization and other operating expenses.

Staff costs increased by 5.3% to RMB703 million in 2017 from RMB667 million in 2016, mainly due to the expansion of the retail network which was partially offset by the continuous efforts by management to carry our labour cost optimization measures. Depreciation and amortization increased by 10.5% to RMB485 million in 2017 from RMB439 million in 2016. Other expenses decreased by 4.4% to RMB624 million in 2017 from RMB652 million in 2016. The decrease in other expenses was the combined effect of the decrease in impairment of goodwill, exchange losses, shut down of stores, the change in fair value of derivative financial instruments and net off the increase in property tax due to network expansion.

Operating profits

Operating profits for the Group (excluded interest and unallocated gains, corporate and other unallocated expenses and finance costs) increased to approximately RMB692 million in 2017 from RMB687 million in 2016, representing a year-on-year increase of 0.7%. Operating profits for the department store division increased from RMB602 million in 2016 to approximately RMB625 million in 2017, representing a year-on-year increase of 3.9%. Due to improvement in operational efficiency, the operation margin as a percentage of TSP for the department store division was 7.6%, representing an increase of 0.1 percentage point from 7.5% in 2016. For the supermarket division, operating profits decreased from RMB85 million in 2016 to approximately RMB67 million in 2017, representing a year-on-year decrease of 21.4%. The operating margin as a percentage of TSP for the supermarket division was 2.3%, representing a decline of 0.7 percentage points from 3.0% in 2016. The drop in operating profits for supermarket business was mainly due to higher costs and expenses for newly open stores and keen market completion.

Net finance cost

Net finance expenses are similar for 2016 and 2017. These comprised finance charges on interest-bearing debts and net interest income from surplus cash.

Finance costs decreased from RMB75 million last year to RMB66 million for 2017. The decrease in net finance expenses and finance costs were due to the decrease in total interest expenses and increase in capitalized interest. During the year, approximately RMB53 million of the interest expenses has been capitalized as property under development.

Income tax expenses

As a result of the increase in profit before tax, income tax expenses for the current year increased to RMB193 million from the previous year. The effective tax rate increased to 36.3% (2016: 35.1%).

Assets Base

Property, plant and equipment, prepaid land premium and long-term prepayments

Property, plant and equipment, prepaid land premium and long term prepayments amounted to approximately RMB10,765 million (2016: RMB10,468 million). Those assets were held for long-term operations used by the Group.

Capital expenditure of the Group during 2017 amounted to approximately RMB833 million (2016: RMB1,053 million). Capital expenditure consists of additions to property, plant and equipment and prepaid land premiums.

Capital commitments at year-end 2017 amounted to RMB400 million (2016: RMB757 million), representing mainly construction items which contracted but not provided for of Xishan project.

Cash and cash equivalents and time deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one month and five years depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The carrying amounts of the cash and cash equivalents and time deposits approximate to their fair values.

Cash and cash equivalents and time deposits decreased from RMB580 million at year-end 2016 to RMB511 million at year-end 2017 mainly resulting from payment for new stores and ongoing projects. About 80% cash and cash equivalents were denominated as RMB.

Restricted cash

Pursuant to the relevant rules and regulations issued by the Ministry of Commerce of the PRC, the Group was required to deposit bank balances in the Group's designated accounts or through issuing a letter of bank guarantee, the total amount of which shall not be less than 30% of the balance of advances from customers for sales of prepaid cards. At year-end 2017, the Group has deposited cash in the amount of RMB113 million (2016: RMB109 million) in the Group's designated accounts.

Treasury Policy

Capital structure management

The total interest bearing debts of the Group increased to RMB2,991 million (2016: RMB2,863 million) at year-end 2017, after debt repayment of RMB1,466 million, and a new drawdown of RMB1,665 million for general funding purposes, and exchange rate flux during the year. All the outstanding debts are on an unsecured basis.

The Group always strives to lower foreign exchange risk and also strives to lower the borrowing margin, to diversify the funding sources and to maintain a suitable maturity profile relative to the overall use of funds. The Group continued to maintain long-term relationships with a number of PRC and overseas banks in order to diversify the funding sources. At year-end 2017, five local and overseas banks, including PRC banks provided banking facilities to the Group as funding alternatives.

On 25 March 2016, the Group issued the first tranche of medium-term financing notes at par value of RMB300 million with the nominal interest rate of 4.78% per annum and the effective interest rate of 5.13% per annum. On 21 June 2016, the Group also issued the first tranche of its corporate bonds at par value of RMB800 million with a term of 3 years from the date of issuance with the nominal interest rate of 4.87% per annum and the effective interest rate of 5.22% per annum.

As part of the Group's capital management strategy, the Group repurchased 106.8 million (2016: 103.3 million) shares through the Stock Exchange in the year, which will further enhance shareholders' value.

The Group has been careful and prudent in using debt gearing to expand its business in accordance with its business strategy. The Group's gearing ratio, as measured by Net Debt to Equity ratio[4], stayed at 54.5% at year-end 2017 (2016: 54.4%). The Group's Interest Coverage[5] was 9.1 times for 2017 (2016: 8.1 times) as cash inflow from the business remained strong. The stable gearing and strong ability to meet interest payments reflected the Group's resilience.

Liquidity management

As year-end 2017, the Group had cash and cash equivalents, time deposits and restricted cash totalling RMB624 million (2016: RMB689 million). All the deposits are placed with banks with strong credit ratings and the counterparty risk is monitored on a regular basis.

Liquidity is available from the undrawn committed facilities offered by the Group's relationship banks. These facilities, amounted to RMB1,137 million and the Group can obtain additional loans of up to RMB4,900 million pursuant to the official approval from the Inter-bank Dealers Association and the China Securities Regulatory Commission, at year-end 2017, essentially allowing the Group to obtain additional liquidity as the need arises.

Interest rate management

Appropriate hedging strategies, if necessary, are adopted to manage exposure to projected movements in the interest rate. The fixed debt ratio increased to 59.4% at year-end 2017 from 50.1% at year-end 2016 following new borrowing of RMB339 million fixed rate bank loans and repayment of RMB214 million foreign currencies floating rate bank loans during 2017.

As the U.S. has entered the interest rate normalisation cycle, the Group believes that interest rates will rise in coming few years. We expect the current fixed debt ratio allows the Group to weather the risk of an interest rate hike cycle.

Foreign exchange management

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. The Group relies principally on cash flows generated from its operating activities as its primary source of liquidity. Certain of the Group's bank borrowings and bank balances were denominated in HK$, SGD or US$ which exposed the Group to foreign exchange risks attributable to fluctuations in exchange rates between HK$, SGD or US$ and RMB.

The Group manages its foreign exchange risk and interest rate exposure by performing regular reviews of the Group's interest rate and net foreign exchange exposures. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's bank loans with floating interest rates.

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[4] Net Debt to Equity is defined as borrowings, trade payables, and other payable and accruals less cash and bank balances, time deposits and restricted cash divided by equity plus net debt of the Group

[5] Interest Coverage is defined as earnings before interest, taxes, depreciation and amortization divided by interest expenses plus capitalized interest

Use of derivatives

At year-end 2017, all outstanding derivatives were related to the hedging of foreign exchange and interest rate exposures. Strict internal guidelines have been established to ensure derivatives are used to manage volatilities or adjust the appropriate risk profile of the Group's treasury assets and liabilities.

Contingent liabilities

As at 31 December 2017 and 31 December 2016, the Group had no material contingent liabilities.

HUMAN RESOURCES

At year-end 2017, we employed a total of 8,833 staff, including 3,715 serving the department store division and 4,962 serving the supermarket division (2016: a total of 9,086 staff, including 3,988 serving the department store division and 4,933 serving the supermarket division).

We strongly believe that talent acquisition is vital to our business future development. In order to retain talent, the Group constantly reviews its compensation package and performs probationary and regular evaluations according to the performance of an employee, salary structure, market movement and profitability of the Group to determine the staff salary adjustment. The Group placed emphasis on the career development of its staff and designs personal development plans that match the career development stages of its staff. We also provide relevant career counseling, training resources and job rotation practices to promote employee career development and ability enhancement.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2017and up to the date of this announcement, the Company repurchased a total of 10,950,000 shares at an aggregate consideration of HK$20,457,000. 17,185,000 repurchased shares were cancelled during March 2018. The number of issued shares of the Company as at the date of this report is 2,200,000,000 shares.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year 2017, pursuant to the general mandate given to the Directors of the Company, the Company repurchased a total of 106,823,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate consideration of HK$164.9 million. During the year, 100,588,000 shares were repurchased and 12,987,000 treasury shares were cancelled. The number of issued shares of the Company as of 31 December 2017 was 2,217,185,000 shares.

Subsequent to 31 December 2017 and up to the date of the announcement, the Company repurchased a total of 10,950,000 shares at an aggregate consideration of HK$20.4 million. 17,185,000 shares were repurchased and all treasury shares were cancelled in March 2018. The number of issued shares of the company as at the date of this report was 2,200,000,000 shares.

Particulars of the shares repurchased during the year are as follows:

Month of repurchase	No. of shares at HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration
	Thousands	HK$	HK$	HK$'000
March 2017	2,750	1.43	1.35	3,858
April 2017	3,000	1.44	1.40	4,257
May 2017	8,123	1.87	1.41	13,301
June 2017	3,900	1.88	1.84	7,324
August 2017	10,168	1.50	1.41	15,176
September 2017	24,892	1.50	1.36	35,923
October 2017	12,410	1.46	1.40	17,725
November 2017	22,450	1.64	1.45	34,817
December 2017	19,130	1.90	1.60	32,523
Total	106,823			164,904

The Directors consider that the repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share and net asset value per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2017, the Company complied with all the code provisions (the "Code Provision") set out in the Code on Corporate Governance Practice (the "Corporate Governance Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. No incident of non-compliance by Directors was noted by the Company in 2017.

CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to compliance with statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Board reviewed the corporate governance practices from time to time to ensure alignment of interests and expectations from our shareholders, the public investors and the other stakeholders.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, announcements of inside information and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements for each financial period, which give a true and fair view of the state of affairs of the Group at the end of the financial year and profit or loss for the financial year. The Directors have prepared the financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The auditor gives an unqualified opinion on the consolidated financial statements of the Group as at 31 December 2017 and for the year then ended.

AUDIT COMMITTEE

The Audit Committee is appointed by the Board and has three members, all of whom were Independent Non-executive Directors. The principal responsibilities of the Audit Committee include the review of both the Group's consolidated financial statements and the effectiveness of its risk management and internal control systems. The Audit Committee also oversees the engagement of the external auditor of the Group and reviews its independence as well as the effectiveness of the audit process. The Board expects the Audit Committee members to exercise independent judgment in conducting the business of the Audit Committee. A high level review of the effectiveness of the risk management and internal control systems of the Group is performed at each year end.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2017, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2017 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("Ernst & Young"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Specific confirmation has been obtained from each Director to confirm compliance with the required standards set out in the Model Code for the year ended 31 December 2017.

AGM

It is proposed that the AGM will be held on Friday, 25 May 2018 at the Conference Room, Suite 1508, 15/F, Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong (the "2018 AGM"). A formal notice of the 2018 AGM will be published and dispatched to shareholders of the Company as required by the Listing Rules in due course.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2017 of HK$5 cents in cash per ordinary share to shareholders who names appeared on the register of members of the Company as at 11 June 2018. Subject to the approval of the shareholders of the Company at the forthcoming AGM to be held on 25 May 2018, the final dividend will be paid on 22 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2018 (Monday) to 25 May 2018 (Friday) (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the 2018 AGM of the Company to be held on 25 May 2018 (Friday), all transfers documents, accompanied by the relevant share certificates, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 18 May 2018 (Friday).

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the 2018 AGM. For the purpose of determining the entitlement to the final dividend for the year ended 31 December 2017 (if approved), the register of members of the Company will be closed from 6 June 2018 (Wednesday) to 11 June 2018 (Monday) (both dates inclusive), during which period no transfer of share(s) will be effected. To be entitled to the final dividend for the year ended 31 December 2017 (if approved), all transfers documents, accompanied by the relevant share certificates, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 June 2018 (Tuesday).

DISCLOSURE OF INFORMATION ON WEBSITES

This announcement will be published on the websites of the Stock Exchange and the Company (www.springlandgroup.com.cn). The annual report for the year will be dispatched to shareholders of the Company and published on the above mentioned websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all the shareholders, customers and partners for their immense confidence and support to the Group. My gratitude also goes to the management and all staff members for their efforts and contribution.

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

Hong Kong, 21 March 2018

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