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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Financial Highlights

	Six months ended 30 June		
	2011	2010	Growth
	(unaudited)	(audited)	
	RMB million	RMB million	
Total Sales Proceeds ("TSP")[1]	**4,371.6**	3,325.1	31.5%
– *department store*	***3,280.1***	*2,466.5*	*33.0%*
– *supermarket*	***1,091.5***	*858.6*	*27.1%*
Revenue	**1,832.5**	1,494.2	22.6%
Profit before tax	**496.6**	307.6	61.4%
Profit attributable to owners of the parent	**350.1**	222.6	57.3%
Earnings per share-basic (RMB: cent)	**14**	11	27.3%
Net profit margin	**19.1%**	14.9%	4.2ppt

- **Total Sales Proceeds ("TSP") for the period recorded an increase of 31.5%. Same store sales growth[2] for department store business and supermarket business remains strong at 29.8%[3] and 14.4% respectively. Revenue reached an increase of 22.6%.**
- **Profit attributable to owners of the parent recorded a significant increase of 57.3%.**
- **Basic earnings per share rose by 27.3% as compared to the same period last year.**
- **Net profit margin increased by 4.2 percentage point to 19.1%.**
- **Proposed interim dividend of HK$4 cents per share.**

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1 Total sales proceeds represents the sum of gross revenue from concessionaire sales, revenue from direct sales and rental income.

2 Same store sales growth represents change in total gross sales proceeds for stores having operations through the comparable period.

3 Same store sales growth excluded total sales proceeds generated from Zhenjiang Yaohan Store and Nantong Yaohan Store as Zhenjiang Yaohan Store was opened on January 2010 and Nantong Yaohan was closed down for renovation during May 2010 to September 2010.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board (the "Board") of directors (the "Directors") of Springland International Holdings Limited (the "Company"), is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2011, together with audited comparative figures for the corresponding period in 2010. The unaudited consolidated interim results have been reviewed by the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

		six months ended 30 June	
	Notes	**2011**	2010
		(unaudited)	(audited)
		RMB'000	RMB'000
REVENUE	*4*	**1,832,544**	1,494,172
Other income and gains	*5*	**240,042**	158,822
Purchase of and changes in inventories		**(1,065,227)**	(907,933)
Staff costs		**(191,913)**	(117,990)
Depreciation and amortization		**(104,225)**	(99,768)
Rental expenses		**(26,331)**	(25,684)
Other expenses		**(180,440)**	(142,912)
Finance costs		**(7,864)**	(51,109)
PROFIT BEFORE TAX		**496,586**	307,598
Income tax expense	*6*	**(140,620)**	(79,020)
PROFIT FOR THE PERIOD		**355,966**	228,578
Attributable to:			
Owners of the parent		**350,081**	222,596
Non-controlling interests		**5,885**	5,982
		355,966	228,578
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARRENT			
Basic and diluted (RMB: cent)	*8*	**14**	11

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

	six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**355,966**	228,578
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**2,876**	2,634
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**358,842**	231,212
Attributable to:		
Owners of the parent	**352,957**	225,230
Non-controlling interests	**5,885**	5,982
	358,842	231,212

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	**30 June 2011 (unaudited) RMB'000**	31 December 2010 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,183,362**	3,872,919
Prepaid land premiums		**390,045**	395,486
Intangible asset		**19,408**	-
Goodwill		**127,439**	127,439
Available-for-sale investments		**2,310**	2,310
Long-term prepayments		**202,493**	91,486
Deferred tax assets		**22,691**	18,039
Total non-current assets		**4,947,748**	4,507,679
CURRENT ASSETS			
Inventories		**319,043**	412,916
Trade receivables	*9*	**10,955**	10,567
Prepayments, deposits and other receivables		**201,694**	207,129
Equity investments at fair value through profit or loss		**25,078**	35,054
Loan and Receivable		**555,000**	-
Pledged deposits		**166,438**	-
Cash and cash equivalents		**741,729**	1,537,556
Total current assets		**2,019,937**	2,203,222
CURRENT LIABILITIES			
Interest-bearing bank borrowings		**164,279**	10,000
Bills payable	*10*	**500**	-
Trade payables	*11*	**714,712**	794,643
Other payables and accruals		**1,388,914**	1,332,405
Tax payable		**50,952**	41,067
Total current liabilities		**2,319,357**	2,178,115
NET CURRENT (LIABILITIES) / ASSETS		**(299,420)**	25,107
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,648,328**	4,532,786

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2011

	Notes	**30 June 2011 (unaudited) RMB'000**	31 December 2010 (audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**-**	112,500
Long-term payables		**285,826**	271,214
Deferred tax liabilities		**346,188**	332,690
Total non-current liabilities		**632,014**	716,404
Net assets		**4,016,314**	3,816,382
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**21,589**	21,589
Reserves		**3,964,398**	3,615,715
Proposed final dividend		**-**	148,908
		3,985,987	3,786,212
Non-controlling interests		**30,327**	30,170
Total equity		**4,016,314**	3,816,382

NOTES TO THE INTERIM CONDENSED 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, PO Box 2681, Grand Cayman KYI-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 Netsales Trading Limited, a company incorporated in the British Virgin Islands (the “BVI”).

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2010.

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 resources 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, dividend income, fair value gains/(losses) from the Group’s financial instruments as well as head office and corporate expenses are excluded from such measurement.

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)

The following tables presented revenue and profit information regarding the Groups operating segments for the six months ended 30 June 2011 and 2010, respectively.

For the six months ended 30 June 2011 (unaudited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	**810,532**	**1,022,012**	**1,832,544**
Segment results	**371,106**	**111,042**	**482,148**
Reconciliation:			
Interest income and unallocated gains			**63,881**
Corporate and other unallocated expenses			**(41,579)**
Finance costs			**(7,864)**
Profit before tax			**496,586**

For the six months ended 30 June 2010 (audited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	687,938	806,234	1,494,172
Segment results	269,822	100,467	370,289
Reconciliation:			
Interest income and unallocated gains			11,100
Corporate and other unallocated expenses			(22,682)
Finance costs			(51,109)
Profit before tax			307,598

3. Operating segment information (continued)

The following table presents segment assets of the Group's operating segments as at 30 June 2011 and 31 December 2010, respectively:

As at 30 June 2011 (unaudited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment assets	**4,419,493**	**716,954**	**5,136,447**
Reconciliation:			
Corporate and other unallocated assets			**1,831,238**
Total assets			**6,967,685**

As at 31 December 2010 (audited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment assets	4,271,407	698,361	4,969,768
Reconciliation:			
Corporate and other unallocated assets			1,741,133
Total assets			6,710,901

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 a major customer

No sales to a single customer or a group of customers under the common control derived 10% or more of the Group's revenue for the six months ended 30 June 2011 and 2010.

4. Revenue

Revenue represents the net amount received and receivable for goods sold by the Group to outside 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:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Sales of goods - direct sales	**1,241,460**	1,048,949
Commission income from concessionaire sales (Note)	**545,630**	409,141
Total turnover	**1,787,090**	1,458,090
Rental income	**36,757**	28,830
Provision of food and beverage service	**8,697**	7,252
Total revenue	**1,832,544**	1,494,172

Note:

The commission income from concessionaire sales is analysed as follows:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	**3,093,413**	2,247,282
Commission income from concessionaire sales	**545,630**	409,141

5. Other income and gains

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**176,161**	147,722
Interest income	**33,425**	5,170
Subsidy income	**23,204**	116
Others	**7,174**	5,814
	239,964	158,822
Gains		
Fair value gains, net:		
Investments at fair value through profit or loss		
- held for trading	**78**	-
	240,042	158,822

6. Income Tax

The Group is subject to income tax on an entity basis on profit 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 do not have assessable income sourced from Hong Kong during the period.

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

The provision for the People's Republic of China (the "PRC") income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2010: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Current - PRC corporate income tax charge for the period	**131,774**	77,975
Deferred	**8,846**	1,045
Total tax charge for the period	**140,620**	79,020

7. Dividends

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period:		
Final dividends for 2010: HK$7 cents (2009: nil)	**148,908**	-
Dividends on ordinary share proposed during the period (not recognized as a liabilities as at 30 June 2011):		
Proposed interim dividend for 2011: HK$4 cents (30 June 2010: nil)	**82,385**	-

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

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity holders of the parent of RMB350,081,000 (six-month period ended 30 June 2010: RMB222,596,000) and the weighted average number of ordinary shares of 2,500,000,000 (six-month period ended 30 June 2010: 2,000,000,000 (as if the capitalization issue, described more fully in the annual financial statements as at 31 December 2010, had occurred at 1 January 2010)) in issue during the period.

There is no dilutive effect during the period and accordingly, no dilutive earnings per share amount has been presented.

9. Trade receivables

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

All balances of the trade receivables at each reporting date are neither past due nor impaired and aged within one month based on the invoice date.

10. Bill payables

The maturity profile of the Group's bill payable is as follows:

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Over three months but within six months	**500**	-

As at 30 June 2011, the Group's bills payable were secured by pledged of certain of the Group's time deposits amounting to RMB500,000 (31 December 2010: nil).

11. Trade payables

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

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

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Within three months	**592,188**	692,302
Over three months but within six months	**66,630**	51,903
Over six months but within one year	**35,677**	33,032
Over one year	**20,217**	17,406
	714,712	794,643

Included in the above balances was an amount due to Shanghai Fengziyi Company Limited (上海風姿逸有限公司) ("Shanghai Fengziyi"), which was 50% owned by a relative of a director, Mr. Chen Jianqiang, of RMB85,000 as at 30 June 2011 (31 December 2010: RMB499,000).

12. Events after the interim reporting period

At a meeting held on 8 August 2011, the Directors declared an interim dividend of HK$4 cents per ordinary share. This proposed dividend, based on the number of shares outstanding at the date of the meeting, is not reflected as dividend payable in this interim financial statement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHTLIGHTS

In the first half of this year, the economy of China is good in general, the total retail sales of consumer product in the country reached RMB 8,583.3 billion, with a year-on-year increase of 16.8%, the urban residents disposable income per capita is RMB 11,041 with a year-on-year increase of 13.2% and 7.6% excluding the price factors. Driven by the steady local consumer spending, the retail sector was supported and the result of the Company is encouraging. During the reporting period, the total sales proceeds is RMB 4.37 billion, increased by 31.5% compared to the same period in last year. Of the total sales proceeds, the department store business achieved total sales proceeds of RMB 3.28 billion, increased by 33.0% year-on-year; same-store growth also increased by 29.8% compare to the same period of last year. The supermarket business achieved RMB1.09 billion, an increase of 27.1% was achieved over the same period last year, its same-store growth was increased by 14.4%. Profit for the period is RMB 355.9 million, increased by 55.7% over the same period last year.

BUSINESS REVIEW

The Company achieved good results is due to our competitive advantages and our perseverance to the dual format operation.

Firstly, the Company insists in developing in the Greater Yangtze River Delta region, and strives to expand the Company's scale in the region. During the reporting period, the Company opened three new stores, including 1 department store and 2 supermarkets in Changzhou and Taixing. Both are new cities to the Company, but our stores performed well and have established a certain market position within a short period of time. In addition, the Group has new store projects in the core business districts of Xuancheng, and Anqing. The broadening of store network helped increase the density of the Group's operations while enhancing its presence in the region. Driven by the 1 + N expansion strategy, the rooms of regional development could be further explored.

Secondly, the Company strengthens its operational management system, and constantly enhances its professionalism. Since 2010, the Company started to strengthen its operational management system. The purpose is to achieve improved management efficiency, reduced operating costs through optimizing the business operations with an aim to raise its overall profitability. During the reporting period, the Group achieved initial success with much enhanced professional quality in each business segment.

The major working direction of department stores is to improve both the sales and marketing and strategic planning. In terms of sales and marketing, the Company aims to develop and enhance the value-adding service to customers and suppliers, which in turn innovates, changes and transforms the operational management system substantially. Nantong Yaohan after being acquired firstly implemented 'Brand Label Private Sale' in June, and achieved RMB 19.91 million of single-day sales, which is three times of the store's previous sales records. On strategic planning side, the operational management system not only possesses guidance to position incremental stores at store opening stage, planning of brand mix, store layout, and interior design, it also adapts to the growth needs of the stores and implements partial transformation, upgrading and changing mix of merchandise, forming a new growth point for existing store. Jiangyin store, for example, during the reporting period, eliminated 28 brands and newly introduced 61 brands. The store even introduced the cosmetics brand Lancome, first time that Lancome counter was introduced into the province level cities. These new replacements were attractive to consumers, and brought 27.8% of same-store growth of the store.

For supermarkets, regional management was implemented and increased in investment of fresh food operation business. During the reporting period, the supermarket system collaborated with 1 + N intensive network expansion strategy, fully executed regional management. The management effectively integrated resources from management, human resources, sales and marketing resources, product resources, etc.. It also effectively drove operational efficiency in terms of lowering various costs and expenses, while maintaining a unified image of stores and raising competitiveness within the region. Meanwhile, supermarkets have comprehensive study of expansion of fresh food operation bases, construction of raw processing center, and cold chain logistics center. The planning will officially execute in the second half of the year, which will effectively enhance the product quality, performance and competitiveness of the Company.

In the macro environment of labor shortage and the rapid expansion of the retail business, human resources has become a continuing concern of the Company, the Company has taken various measures to increase staff salaries and benefits, improve job skills of employees, and to cultivate a more competent and high caliber staffing for the Group. In addition to providing general knowledge, skills training, and fair chances of promotion, the company also launched a company-wide recognition of outstanding employees, skill contest, cultural performances and other culture activities, which attracted a large number of employees actively participate in, it is a increase of cohesion and solidarity within the corporation.

PROSPECT

In the second half of 2011, the country's domestic retail industry will face a dilemma. On one hand, the domestic economic growth may slow down, in addition to growing competition in the industry and the government introduced a number of laws and regulations which focus on food safety, price gouging, prepaid cards, etc., to strengthen the supervision of the retail industry. Moreover the public's ongoing concern for inflation makes the development of retail business to face greater uncertainty; On the other hand, the government has maintained its economic growth strategy as outlined in the "Twelfth-Five-Year Plan" of shifting the growth of export-led to demand-led with an aim to increase the disposable income of Chinese residents and stimulate consumption. These bode well for the retail industry.

Through pressing ahead with our store expansion strategy, coupled with our ongoing efforts in strengthening our operational efficiency, management system and corporate culture, the Company strives to become the most professional regional retail operator in China. In the coming years, the management of the Company is expected to continue focusing on regional development, while maintaining leading growth rate in the industry as well as generating sustainable profit growth. It is believed that our professional efforts will create long-term and sustainable returns to the shareholders.

FINANCIAL REVIEW

For the six months ended 30 June 2011, total sales proceeds of the Group increased to RMB 4,371.6 million, representing an increase of 31.5% as compared to the same period of 2010. Total sales proceeds are generated from both the department store and supermarket business. Total sales proceeds of the department store and supermarket businesses increased to RMB 3,280.1 million and RMB 1,091.5 million, representing an increase of approximately 33.0% and 27.1% respectively from the same period of 2010.

Total Sales Proceeds

	Six months ended 30 June					
	2011			2010		
	Department Store	**Supermarket business**	**Total**	Department Store	Supermarket business	Total
			(RMB millions)			
Total revenue	**810.5**	**1,022.0**	**1,832.5**	687.9	806.3	1,494.2
Add/ (less)						
Provision of food and beverage service	**–**	**(8.7)**	**(8.7)**	–	(7.3)	(7.3)
Commission income from concessionaire sales	**(531.5)**	**(14.1)**	**(545.6)**	(400.0)	(9.1)	(409.1)
Gross revenue of concessionaire sales	**3,001.1**	**92.3**	**3,093.4**	2,178.6	68.7	2,247.3
Total Sales Proceeds	**3,280.1**	**1,091.5**	**4,371.6**	2,466.5	858.6	3,325.1
Represent:						
Direct sales	**256.0**	**985.5**	**1,241.5**	269.1	779.9	1,049.0
Gross revenue of concessionaire sales	**3,001.1**	**92.3**	**3,093.4**	2,178.6	68.7	2,247.3
Rental income	**23.0**	**13.7**	**36.7**	18.8	10.0	28.8
Total Sales Proceeds	**3,280.1**	**1,091.5**	**4,371.6**	2,466.5	858.6	3,325.1
Same Store sales growth	**29.8%**	**14.4%**				

Department store business:

For the six months ended 30 June 2011, total sales proceeds from the department store business grew to RMB3,280.1 million and was mainly attributable to same store sales growth of approximately to 29.8%.

Total sales proceeds derived from Wuxi Yaohan Department Store, as a percentage of total sales proceeds of the department store business, decreased from approximately 22.9% to 22.6% for the six months ended 30 June 2011. The aggregate contribution to total sales proceeds from the five largest stores increased from approximately 69.3% to 69.9% in the same period. Stores opened in 2009 and 2010 are expected to become the new driving force for the department store business and the Group’s sales growth.

For the six months ended 30 June 2011, concessionaire sales contributed approximately 91.5% (30 June 2010: 88.3%) to total sales proceeds within the department store business. Direct sales accounted for approximately 7.8% (30 June 2010: 10.9%) of total sales proceeds of the department store business.

The proportion of sales proceeds of department stores from various merchandise categories for the six months ended 30 June 2011 and the same period in 2010 are as follows: Fashion and apparel accounted for approximately 41.6% (30 June 2010: 42.5%); merchandise related to cosmetics and accessories accounted for approximately 25.4% (30 June 2010: 21.2%); footwear accounted for approximately 10.9% (30 June 2010: 10.9%), and the remaining categories, including athletic apparel and casual wear, children's and home furnishing, household and electronic appliances, rental income and others, accounted for the remaining 22.1% (30 June 2010: 25.4%).

Supermarket business:

For the six months ended 30 June 2011, total sales proceeds of supermarket business reached RMB 1,091.5 million. Growth in total sales proceeds of the supermarket business was mainly derived from same store sales growth of around 14.4% and new stores opening.

The aggregate contribution to total sales proceeds generated from the five largest supermarkets decreased from approximately 64.0% to 54.5% for the six months ended 30 June 2011. The new supermarkets accounted for 11.0% of total sales proceeds for the supermarket business during that period.

For the six months ended 30 June 2011, direct sales contributed approximately 90.3% (30 June 2010: 90.8%) and concessionaires sales for approximately 8.5% (30 June 2010: 8.0%) of total sales proceeds of the supermarket business.

The proportion of sales proceeds of supermarkets from various merchandise categories for six months ended 30 June 2011 and the same period in 2010 are as follow: Fresh food accounted for approximately 32.5% (30 June 2010: 32.0%); dry foods accounted for approximately 35.4% (30 June 2010: 34.8%), non-food accounted for approximately 27.0% (30 June 2010: 27.7%), and the remaining categories, including rental income and others, accounted for the remaining 5.1% (30 June 2010: 5.5%).

Revenue

For the six months ended 30 June 2011, revenue of the Group amounted to RMB 1,832.5 million, representing an increase of 22.6% as compared to the same period last year. Revenue from the department store business increased to approximately RMB810.5 million, representing an increase of 17.8% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB 1,022.0 million, representing an increase of 26.8% as compared to the same period last year. The rise in revenues was generally in line with the increase in the sales proceeds of the department store business and supermarket business.

Department store business:

Commission income from concessionaire sales: For the six months ended 30 June 2011, the commission rate from concessionaire sales was 17.7%, representing a reduction of 0.7 percentage point from the same period in 2010. The decrease was mainly due to combine of the increase contribution from merchandise related to jewelry and accessories, which have lower commission rate and increase sales to members lead to increase provision on bonus point liabilities. As mentioned above, the Comprehensive Gross Margin[4] was approximately 20.8% for six months ended 30 June 2011 representing a drop of 0.7 percentage point as compared to 21.5% for the same period in 2010. The Group intends to maintain the stability of its commission rate by conducting periodic reviews and enhancing its mix of merchandise to reflect changing consumption demands.

[4] 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.

Supermarket business:

Revenue from direct sales: Gross margin from direct sales was approximately 14.3% for the six months ended 30 June 2011, representing a rise of 1.0 percentage point as compared to 13.3% for the same period in 2010. Comprehensive Gross Margin kept of 24.0% for the six months ended 30 June 2011 (30 June 2010: 23.8%). The Group intends to keep gross margins from direct sales and its Comprehensive Gross Margin stable by operating on an increasingly self-sufficient basis with regards to fresh food and stepping up direct sourcing of fresh food products from the original production sites throughout China to reduce costs and ensure quality.

Other income and gains

For the six months ended 30 June 2011, other income and gains amounted to RMB240.0 million, representing an increase of 51.1% as compared to the same period of 2010. It was mainly due to an increase in other non-operating income, such as interest income and government grants.

Purchases of and changes in inventories

Purchases of and changes in inventories represented the cost of merchandise that we purchase from suppliers for resale under the direct sales business model. Purchases of and change in inventories increased to approximately RMB 1,065.2 million, representing an increased of 17.3% as compared to the same period last year.

Staff costs

For the six months ended 30 June 2011, staff costs increased by 62.7% to approximate RMB191.9 million. The increase was mainly attributable to the salary increment for existing staff and inclusion of staff costs for the new stores.

Total staff costs of the Group as a percentage of total sales proceeds increased to approximately 4.4%, representing a rise of 0.9 percentage points as compared with 3.5% for the same period in 2010.

Depreciation and amortization

For the six months ended 30 June 2011, our depreciation and amortization increased by 4.5% to approximately RMB104.3 million. The increase was primarily due to the inclusion of the depreciation and amortization charges recognized for new stores opened during the period and additional depreciation and amortization charges for construction, renovation and expansion of existing stores.

Total depreciation and amortization expenses of the Group as a percentage of total sales proceeds decreased to approximately 2.4%, representing a fall of 0.6 percentage point from 3.0% for the same period in 2010.

Rental expenses

Rental expenses remained stable at RMB26.3 million for the six months ended 30 June 2011. Rental expenses of the Group as a percentage of total sales proceeds decreased to approximately 0.6%, representing an decrease of 0.2 percentage point from 0.8% for the same period in 2010.

Other expenses

Other expenses mainly included other operating costs and non-operating costs. Other expenses increased by 26.3% to approximately RMB180.4 million for the six months ended 30 June 2011.

Profit from operations

Profit from operations increased from approximately 30.2% to approximately RMB482.1 million for the six months ended 30 June 2011. Profit from operations for the department store business increased by approximately 37.5% to approximately RMB371.1 million. Operation margin as a percentage of total sales proceeds for department stores increased to approximately 11.3%, representing an increase of 0.4 percentage point from 10.9% for the same period in 2010. For the supermarket business, profit from operations increased by approximately 10.5% to approximately RMB111.0 million and operating margin as a percentage of total sales proceeds decreased to approximately 10.2%, representing a drop of 1.5 percentage point from 11.7% for the same period in 2010.

Profit before tax

Profit before tax hit RMB496.6 million for the six months ended 30 June 2011, representing an increase of 61.4% from the same period of 2010. The rise in profit before tax was generally in line with the rise in profit from operations and increase in non-operating income.

Profit for the period attributable to owners of the parent

Profit attributable to owners of the parent company increased to approximately RMB350.1 million for the six months ended 30 June 2011, representing growth of approximately 57.3% from the same period of 2010. The net profit margin increased to approximately 19.1% from 14.9%.

The profit for the period reached RMB356.0 million for the six months ended 30 June 2011. Basic earnings per share were RMB14 cents for the six months ended 30 June 2011.

CAPITAL EXPENDITURE

Capital expenditure of the Group for the six months ended 30 June 2011 amounted to approximately RMB439.9 million (30 June 2010: RMB314.4 million). The amount represented contractual payments made for the acquisition of land use rights, land and buildings and construction of greenfield projects, development store chain expansion.

LIQUIDITY AND FINANCIAL RESOURCES

The Group relies principally on cash flow generated from its operating activities as a primary source of liquidity. The Group has always pursued a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future development demands for capital.

As at 30 June 2011, the Group’s bank balance, cash on hand and near cash instruments (including bank balances and cash, pledged deposit) stood at approximately RMB908.2 million (31 December 2010: RMB1,537.6 million), whereas the Group had short-term bank loan of RMB164.3 million (31 December 2010: RMB10.0 million). The Group’s bank loans of RMB164.3 million are bearing interest at fixed rate. The Group did not use any interest rate swap to hedge against interest rate risk.

Total assets of the Group as at 30 June 2011 amounted to approximately RMB6,967.7 million (31 December 2010: RMB6,710.9 million), whereas total liabilities amounted to approximately RMB2,951.4 million (31 December 2010: RMB2,894.5 million), resulting in a net asset position of RMB4,016.3 million (31 December 2010: RMB3,816.4 million). The gearing ratio, calculated by net debt (including total bank and other borrowings, trade and bills payables and other payables and accruals minus cash and cash equivalents) divided by the capital plus net debt of the Group increased to approximately 28% (31 December 2010: 16%) at the end of 30 June 2011.

CONTINGENT LIABILITIES

As at 30 June 2011, neither the Group nor the Company had any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2011, the balance of bank loans RMB164.3 million which was guaranteed by the Group's time deposits for the issue of the letter of credit amounting to HK$200.0 million(RMB165.9 million in equivalent), in favor of the lending bank.

FOREIGN EXCHANGE EXPOSURE

The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. Certain of the Group's bank balances, short-term bank loans and deposits were denominated in HKD or USD. The Company and some of its overseas subsidiaries selected the USD as their functional currency. Significant fluctuations in exchange rates involving HKD, USD and RMB or against each entity's respective functional currency may have a financial impact on the Group.

As at 30 June 2011, the Directors considered the Group's foreign exchange risk to be insignificant. During the reporting period, the Group did not use any financial instruments for hedging purposes.

HUMAN RESOURCES

As at 30 June 2011, the Group employed a total of approximately 7,272 full-time employees, 3,285 who served the department store business and 3,603 who served the supermarket business including (31 December 2010: 6,495 full-time employee, of which 3,054 who served department store business and 3,117 who served supermarket business). Employees included management, sales people, workers for the logistics support system and other support staff. Remuneration for the Group was approximately RMB191.9 million (30 June 2010: RMB118.0 million), contributing to 38.2% (30 June 2010: 30.5%) of the Group's total expenses for the six months ended 30 June 2011. This increase was due mainly to a rise in of headcount to support the operation of new department stores and supermarkets and increase average capita salary. The Group's remuneration policy is primarily based on the duties, performance and length of service of each individual employee with reference to prevailing market conditions.

To attract and retain skilled and experienced personnel and to motivate them to strive for future development and expansion of our business, the Group also offers a share option scheme (Share Option Scheme). As at 30 June 2011, no share option was granted by the Group under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CORPORATE GOVERNANCE PARACTICES

The Directors are in the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practice (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2011.

AUDIT COMMITTEE

The Audit Committee has held meetings to discuss the auditing, internal controls and financial reporting matters of the Company, including the review of the accounting policies adopted by the Group and issues related to accounting practice; review of the nature and scope of audit; discussion with external auditor and the management on the possible accounting risks. It included a review of the unaudited interim condensed financial statement for the six months ended 30 June 2011.

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 enquiries was made of all Directors and all Directors have confirmed compliance with the required standard set out in the Model Code for the six months ended 30 June 2011.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$4 cents per ordinary share of the Company for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil) to shareholders whose names appear on the register of members of the Company on 25 August 2011. It is expected that the interim dividend will be paid on or about 7 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 August 2011 to 25 August 2011 (both days inclusive) during which period no transfer of share(s) will be effect. In order to qualify for the interim dividend, all transfers documents, accompanies by the relevant share certificates, must be lodged with Computershare Hong Kong Investors 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 22 August 2011.

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 interim report for the six months ended 30 June 2011 will be dispatched to shareholders of the Company and published on the above mentioned websites in due course.

ACKNOWLEDGEMENT

I would like to thank all our shareholders, staff members, business partners and customers for their ongoing and long-lasting support.

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

Hong Kong, 8 August 2011

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Chen Jianqiang, Mr. Tao Qingrong , Mr. Fung Hiu Lai and Mr. Yu Yaoming; two non-executive directors, namely Mr. Wang Lin and Mr Fung Hiu Chuen, John; and three independent non-executive directors, namely Dr. Lin Zhijun, Dr. Zhang Weijiong and Mr. Wang Shuaiting.