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 2011

HIGHLIGHTS OF FINAL RESULTS

- **Total Sales Proceeds ("TSP")[1] increased to RMB8,696.7 million, representing a year-on-year growth of 26.9%; TSP from department store business increased to RMB6,522.3 million, representing a year-on-year growth of 27.8% and TSP from supermarket business increased to RMB2,174.4 million, representing a year-on-year growth of 24.3%**
- **Same store sales growth[2] for department store business and supermarket business remains strong at 25.4% and 10.9% respectively**
- **Revenue reached RMB3,601.8 million, representing a year-on-year increase of 20.5%**
- **Profit attributable to owners of the parent was RMB580.5 million, representing a year-on-year increase of 56.0%**
- **Earnings per share was RMB0.23**
- **Proposed final dividend of HK10 cents per share**

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 referred to as the "Group") for the year ended 31 December 2011, together with comparative figures for the previous year of 2010 as follows:

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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.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	4	3,601,762	2,990,032
Other income and gains	5	436,457	305,735
Purchase of and changes in inventories		(2,103,878)	(1,806,915)
Staff costs		(429,620)	(294,155)
Depreciation and amortisation		(220,599)	(204,516)
Rental expenses		(54,675)	(44,303)
Other expenses	6	(396,279)	(337,569)
Finance costs	7	(2,455)	(88,635)
PROFIT BEFORE TAX		830,713	519,674
Income tax expense	8	(239,172)	(144,261)
PROFIT FOR THE YEAR		591,541	375,413
Attributable to:			
Owners of the parent		580,539	372,193
Non-controlling interests		11,002	3,220
		591,541	375,413
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	0.23	0.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RMB'000	2010 RMB'000
PROFIT FOR THE YEAR	591,541	375,413
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	(6,726)	(9,249)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	584,815	366,164
Attributable to:		
Owners of the parent	573,813	362,944
Non-controlling interests	11,002	3,220
	584,815	366,164

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	Notes	2011	2010
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,456,341	3,872,919
Prepaid land premiums		384,469	395,486
Other intangible assets		47,541	-
Goodwill		127,439	127,439
Investment in a jointly-controlled entity		267,639	-
Available-for-sale investments		2,310	2,310
Long-term prepayments	11	590,928	91,486
Deferred tax assets		30,857	18,039
Total non-current assets		5,907,524	4,507,679
CURRENT ASSETS			
Inventories	12	457,990	412,916
Trade receivables	13	9,981	10,567
Prepayments, deposits and other receivables		208,474	207,129
Investments at fair value through profit or loss		30,023	35,054
Cash and cash equivalents		2,138,947	1,537,556
Total current assets		2,845,415	2,203,222
CURRENT LIABILITIES			
Interest-bearing bank borrowings		87,192	10,000
Trade payables	14	1,032,286	794,643
Other payables and accruals		1,944,383	1,332,405
Tax payable		53,610	41,067
Total current liabilities		3,117,471	2,178,115
NET CURRENT (LIABILITIES)/ ASSETS		(272,056)	25,107
TOTAL ASSETS LESS CURRENT LIABILITIES		5,635,468	4,532,786
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		837,784	112,500
Long-term payables		279,786	271,214
Deferred tax liabilities		358,004	332,690
Total non-current liabilities		1,475,574	716,404
Net assets		4,159,894	3,816,382
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	21,589	21,589
Reserves		3,904,716	3,615,715
Proposed final dividend	9	202,675	148,908
		4,128,980	3,786,212
Non-controlling interests		30,914	30,170
Total equity		4,159,894	3,816,382

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, 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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments, 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 new and revised IFRSs. The adoption of new and revised IFRSs has had no material effect on the consolidated financial statements of the Group for the current accounting period.

3. Operating segment information

For management purposes, the Group is organised 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.

3. **Operating segment information (continued)**

Segment assets exclude the Group's available-for-sale investments, deferred tax assets, tax recoverable, cash and cash equivalents, investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, 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.

Year ended 31 December 2011	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	1,568,392	2,033,370	3,601,762
Segment results	668,326	180,004	848,330
Reconciliation:			
Interest and dividend income and unallocated gains			81,740
Corporate and other unallocated expenses			(96,902)
Finance costs			(2,455)
Profit before tax			830,713
Segment assets	5,375,065	1,050,387	6,425,452
Reconciliation:			
Corporate and other unallocated assets			2,327,487
Total assets			8,752,939
Segment liabilities	2,511,313	599,955	3,111,268
Reconciliation:			
Corporate and other unallocated liabilities			1,481,777
Total liabilities			4,593,045
Other segment information			
Depreciation and amortisation	171,788	45,387	217,175
Corporate and other unallocated amounts			3,424
Total depreciation and amortisation			220,599
Investments in a jointly-controlled entity	267,639	-	267,639
Capital expenditure	629,071	216,024	845,095
Corporate and other unallocated amounts			10,454
Total capital expenditure *			855,549
Provision / (write back of provision) for slow-moving inventories	(1,300)	1,652	352

3. Operating segment information (continued)

Year ended 31 December 2010	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	1,351,859	1,638,173	2,990,032
Segment results	491,068	167,580	658,648
Reconciliation:			
Interest and dividend income and unallocated gains			20,404
Corporate and other unallocated expenses			(70,743)
Finance costs			(88,635)
Profit before tax			519,674
Segment assets	4,271,407	698,361	4,969,768
Reconciliation:			
Corporate and other unallocated assets			1,741,133
Total assets			6,710,901
Segment liabilities	1,854,721	404,181	2,258,902
Reconciliation:			
Corporate and other unallocated liabilities			635,617
Total liabilities			2,894,519
Other segment information			
Depreciation and amortisation	171,093	30,056	201,149
Corporate and other unallocated amounts			3,367
Total depreciation and amortisation			204,516
Capital expenditure	299,164	127,390	426,554
Corporate and other unallocated amounts			101,533
Total capital expenditure*			528,087
Provision / (write-back of provision) for slow-moving inventories	(2,834)	1,195	(1,639)

* Capital expenditure consists of additions to property, plant and equipment and prepaid land premiums and other intangible assets 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 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 year.

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:

	2011 RMB'000	2010 RMB'000
Sales of goods - direct sales	2,427,156	2,072,844
Commission income from concessionaire sales (Note)	1,079,332	844,110
Total turnover	3,506,488	2,916,954
Rental income	77,803	58,501
Provision of food and beverage service	17,471	14,577
Total revenue	3,601,762	2,990,032

Note:

The commission income from concessionaire sales is analysed as follows:

	2011 RMB'000	2010 RMB'000
Gross revenue from concessionaire sales	6,191,753	4,721,304
Commission income from concessionaire sales	1,079,332	844,110

5. Other income and gains

	2011 RMB'000	2010 RMB'000
<u>Other income</u>		
Fee income from suppliers	354,717	285,331
Interest income	23,561	14,034
Interest income from loans and receivables	31,810	-
Subsidy income	23,748	245
Others	2,546	5,758
	436,382	305,368
<u>Gains</u>		
Gain on disposal of investments at fair value through profit or loss	75	323
Fair value gains, net:		
Investments at fair value through profit or loss - held for trading	-	44
	75	367
	436,457	305,735

6. Other expenses

Other expenses mainly include utility expenses, advertising and promotion expenses, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax and government surcharges, listing expenses and other miscellaneous expenses.

7. Finance costs

An analysis of finance costs is as follows:

	2011 RMB'000	2010 RMB'000
Interest on bank borrowings wholly repayable within five years	6,264	58,322
Interest on bank borrowings wholly repayable over five years	-	37,465
Less: Interest capitalised	(3,809)	(7,152)
	2,455	88,635

8. 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 did not have assessable income sourced from Hong Kong during the year.

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

On 16 March 2007, the People's Republic of China (the "PRC") Corporate Income Tax Law (the "New CIT Law") was approved by the National People's Congress and became effective on 1 January 2008. Under the New CIT Law, the income tax rate became 25% starting from 1 January 2008. Therefore, provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2010: 25%) on the assessable profits of the subsidiaries of the Group established in Mainland China (the "PRC Subsidiaries").

	2011 RMB'000	2010 RMB'000
Current - PRC corporate income tax charge for the year	222,892	147,470
Deferred	16,280	(3,209)
Total tax charge for the year	239,172	144,261

8. Income tax (continued)

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:

	2011 RMB'000	2010 RMB'000
Profit before tax	830,713	519,674
Tax at the statutory tax rate of 25% (2010: 25%)	207,678	129,919
Expenses not deductible for tax	7,105	13,057
Tax losses not recognised during the year	-	2,923
Utilisation of previously unrecognised deductible tax losses	(283)	(8,951)
Effect of withholding tax on the distributable profits of the PRC Subsidiaries	24,672	15,563
Additional deduction on business combination granted by tax authorities	-	(8,250)
Tax charge at the Group's effective rate	239,172	144,261

9. Dividends

	2011 RMB'000	2010 RMB'000
Interim – HK4 cents (2010: Nil) per ordinary share	82,385	-
Proposed final – HK10 cents (2010: HK7 cents) per ordinary share	202,675	148,908
	285,060	148,908

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

The dividend amount of RMB40,916,000 for the year ended 31 December 2010, represented dividends paid to the then shareholders of the Company prior to its initial public offering. The dividend rates are not presented as such information is considered not meaningful for the purpose of this financial statement.

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 ("PRC GAAP").

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

The calculation of basic earnings per share amount is based on the profit of the year attributable to the ordinary equity holders of the parent of RMB580,539,000 (2010: RMB372,193,000), and the weighted average number of ordinary shares of 2,500,000,000 (2010: 2,098,630,000 (as if the capitalisation issue, described more fully in note 15, had occurred at the beginning of the year ended 31 December 2010) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

11. Long-term prepayments

	2011 RMB'000	2010 RMB'000
Rental prepayments	55,864	25,082
Prepayment for purchases of land and buildings	535,064	66,404
	590,928	91,486

12. Inventories

	2011 RMB'000	2010 RMB'000
Store merchandise, at cost or net realisable value	454,839	411,576
Low value consumables	3,151	1,340
	457,990	412,916

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 are either past due or impaired.

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

	2011 RMB'000	2010 RMB'000
Within one month	9,981	10,567

14. Trade payables

The trade payable are non-interest-bearing and are normally settled term of up to 60 days.

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

	2011 RMB'000	2010 RMB'000
Within three months	930,473	692,302
Over three months but within six months	47,072	51,903
Over six months but within one year	33,239	33,032
Over one year	21,502	17,406
	1,032,286	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 RMB111,000 as at 31 December 2011 (2010: RMB499,000).

15. Issued capital

Authorised

	No. of shares at HK$0.01 each 2011 Thousands	No. of shares at HK$0.01 each 2010 Thousands
Ordinary shares	10,000,000	10,000,000
	10,000,000	10,000,000

Ordinary shares issued and fully paid

	Note	No. of shares at HK$0.01 each Thousands	RMB'000
As at 1 January 2010		14,664	150
Capitalisation issue	(i)	1,985,336	17,144
Issue of shares for initial public offering	(ii)	500,000	4,295
As at 31 December 2010 and 2011		2,500,000	21,589

15. Issued capital (continued)

(i) Pursuant to the resolution of the shareholders of the Company passed on 30 September 2010, 1,985,336,000 ordinary shares of HK$0.01 each were allotted and issued, converted as fully paid at par, by way of capitalisation of the sum of HK$19,853,360 (equivalent to RMB17,144,000) standing to the credit of the share premium account.

(ii) In connection with the Company's initial public offering, 500,000,000 shares of HK$0.01 each were issued at a price of HK$5.93 per share for a total cash consideration, before expenses, of HK$2,965,000,000 (equivalent to RMB2,546,935,000). Dealings in these shares on the Stock Exchange commenced on 21 October 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2011, under the changing and complicated domestic and international economic environment, development of the Chinese economy followed the anticipated direction of macro control. The moderate fall in economic growth and preliminarily subdued inflationary pressure were outcomes of the government's policy measures. As a result, China was an outperformer among economies worldwide. Economists forecast an economic growth of around 8% in China in 2012 and that the slowdown of growth will affect sectors across the board, including the retail sector. However, the relatively steady growth of the industry was expected to be sustained in the long run. Starting from October 2011, retailers were generally affected by a combination of the macroeconomic slowdown; slowed sales of winter clothing items due to a warmer-than-usual winter; a "wait and see" approach by investors as a result of falling gold prices as well as declining consumer confidence. Growth rate dropped dramatically, with an emerging picture of retailers showing growth in the first half of the year and sharp decline in the second half. Nevertheless, retailers benefited from the remarkable growth in the first three quarters, and were able to maintain positive growth for the whole year.

Business Review

In 2011, the Group's TSP recorded RMB8.7 billion, an increase of 26.9% year-on-year. Profit for the year reached RMB591.5 million, growth of 57.6% year-on-year; earnings per share were RMB23 cents, an increase of 27.8% year-on-year growth. The Group obtained a syndication loan of USD150 million before expenses, which not only marked the strong confidence of financial institutes in our future, but also equipped the Group with abundant capital for future development. We will continue to solidify our presence in the Greater Yangtze River Delta and strengthen our operational efficiency, with a view of generating a sustainable profit growth and becoming the most professional regional retail operator in China.

Development Strategy

The Group will remain committed to the development of its business in the Greater Yangtze River Delta region, with focus on provinces such as Jiangsu Province, Anhui Province, and the northern Zhejiang region. For the business development in Anhui Province, the Group firstly focused on cities with good economic prospects or strong market potential and the Group has also entered the markets in Ma'anshan, Xuancheng and Anqing. Considering the huge market potential of the retail sector in the Greater Yangtze River Delta region, there is in general huge business opportunity in the cities in that region, although the business environment of certain cities was rather competitive. In line with the deepening of distribution channels, the Group will continue to consolidate its position in prosperous county-level cities with development potential. Rising property prices due to rapid economic development and urbanization will exacerbate the already tight supply of quality land, adding to the costs of commercial properties and further fuelling competition.

The Group will benefit from macro-economic measures and related policies expanding domestic consumption and we are aware of the challenges and opportunities ahead. The Group will adopt a prudent investment strategy, continue our sound operations, maintain an optimum debt ratio, and focus on the successful business model and economic efficiency. We plan to open 2 to 3 new department stores each year.

New Store Openings and Network Expansion

While striving to improve the operating efficiency of existence stores, the Group opened new department stores in Changzhou and Jintan. The Group continued to focus on expanding store networks in Greater Yangtze River Delta Region, especially in Anhui Province and Northern Zhejiang, and aimed to consolidate its dominant position in the region.

In March 2011, the Group acquired a piece of land with an area of approximately 15,793 square meters located in the junction of Jixian Road and Longhu South Road in Anqing City, Anhui Province. The Group planned to build a shopping complex with a department store and a supermarket with a gross floor area of approximately 99,000 square meters on the land. The department store and supermarket will be operated by the Group.

In April 2011, Changzhou Yaohan department store and Changzhou Datonghua supermarket, commenced operation and have gross floor areas of approximately 23,830 square meters and 7,800 square meters respectively. Since the grand opening, the department store has achieved satisfactory results and has established itself as a key mid-to-high end shopping destination in the local market.

In April 2011, the Group successfully acquired a property with a gross floor area of approximately 53,000 square meters in Xuancheng City, Anhui Province. The property is situated at the prime location on Diezhang Road of Xuancheng City in a thriving business district. The Group planned to open and operate a department store and a supermarket in the property.

In December 2011, Jintan Yaohan department store and Jintan Datonghua supermarket (Ximen branch) commenced operation. The Jintan Yaohan department store together with Jintan Datonghua supermarket inside the same building are located at the core business district of Jintan City, occupying a total gross floor area of approximately 34,300 square meters. The opening of the Jintan Yaohan store further improves the coverage of the store network of the Group in Jiangsu Province and further strengthens the Group's market position in the region.

In December 2011, the Group indirectly acquired a 50% equity interests in Zhenjiang Baisheng Commercial Ltd. (鎮江百盛商城有限公司). Zhenjiang Baisheng Commercial Ltd 100% owns and operates Zhenjiang Commercial Building (鎮江商業城) and operates a leased store Zhenjiang Hengsheng Shopping Plaza (鎮江恒盛購物廣場). The gross floor area of Zhenjiang Commercial Building and Zhenjiang Hengsheng Shopping Plaza is respectively approximately 44,839 square meters and 33,000 square meters. Both stores are located at the heart of business center of Zhenjiang City.

Prospects

Amidst an uncertain and unstable global economic outlook of 2012, we will continue with the strategies of "becoming the most professional regional retail operator in China". We will maintain the dual-format of operating both department stores and supermarkets to take advantage of the synergy created, and establish a multi-function retail centre to provide customers a convenient and comfortable shopping environment and experience.

As for new development opportunities, the Group will prudently explore any new business development opportunity by fully utilizing the foundation we have established. We are confident to establish a solid base for the Group's growth in long term.

The Group will constantly improve the operational efficiency of existing stores by adjusting and upgrading the brand and mix of merchandise and integration of suppliers in order to establish department stores with annual sales proceeds over RMB1 billion, and achieve healthy same store sales growth, and thus driving the growth of the dual-format of the department store and supermarket business.

The Group will actively enhance the supply chain management, strength the structure of suppliers and integrate channel resources to facilitate communication with suppliers in order to build up a stable partnership in the long term, so that the Group could promptly respond to the needs of customers. Also, the Group will introduce a 5-year scheme to double employees' salaries, to train up a loyal and committed operational team through optimizing the employee structure.

The Group will closely monitor market conditions in an ever-changing global environment and put in place a risk management strategy. The Group believes that outstanding management personnel and their thorough business plans would help the Group overcome difficulties, stride towards success and achieve continuous growth. Last but not least, the Board is full of confidence in the Group's future development. The Board believes that with further expansion of chain store network and the synergy of the dual-format operation of the Group, the Group will be able to achieve both internal and external growth at the same time.

FINANCIAL REVIEW

Total Sales Proceeds

	Year ended 31 December					
	2011			2010		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB'000)			
Revenue (as reported)	**1,568.4**	**2,033.4**	**3,601.8**	1,351.8	1,638.2	2,990.0
Add/ (less)						
Provision of food and beverage services	**–**	**(17.5)**	**(17.5)**	–	(14.6)	(14.6)
Commission income from concessionaire sales	**(1,050.9)**	**(28.4)**	**(1,079.3)**	(823.8)	(20.3)	(844.1)
Gross revenue of concessionaire sales	**6,004.8**	**186.9**	**6,191.7**	4,575.1	146.2	4,721.3
TSP	**6,522.3**	**2,174.4**	**8,696.7**	5,103.1	1,749.5	6,852.6
Representing:						
Direct sales	**471.1**	**1,956.1**	**2,427.2**	490.5	1,582.3	2,072.8
Gross revenue of concessionaire sales	**6,004.8**	**186.9**	**6,191.7**	4,575.1	146.2	4,721.3
Rental income	**46.4**	**31.4**	**77.8**	37.5	21.0	58.5
TSP	**6,522.3**	**2,174.4**	**8,696.7**	5,103.1	1,749.5	6,852.6
Same Store sales growth	**25.4%**	**10.9%**		25.5%	11.5%	

For the year ended 31 December 2011, TSP of the Group increased to RMB8,696.7 million, representing an increase of 26.9% as compared to the same period of 2010. TSP are generated from both the department store and supermarket business. TSP of the department store and supermarket businesses increased to RMB6,522.3 million and RMB2,174.4 million, representing an increase of approximately 27.8% and 24.3% respectively from 2010.

DEPARTMENT STORE BUSINESS:

TSP from the department store business grew to RMB6,522.3 million was mainly attributable to same store sales growth of approximately 25.4%. The renovation of Liyang Yaohan and Danyang Springland in second half of the year slowed down the growth in TSP from the department store business.

Gross revenue of concessionaire sales as a percentage of TSP from the department store business increased from 89.7% to 92.1% in 2011. Direct sales as a percentage of TSP from the department store business decreased from 9.6% to 7.2% in 2011. The changes were primarily due to an increase in concessionaire sales and a decrease in sales volume of household and electronic appliances, which are mainly sold through direct sales.

TSP BY TOP FIVE STORES

TSP derived from Wuxi Yaohan Department Store as a percentage of TSP of the department store business decreased from approximately 24.8% to 22.9% for the year 2011. This resulted from an increase in the contribution from TSP for approximately 9.8% to 11.9% from Zhenjiang Yaohan, which opened at the January 2010. The aggregate contribution to TSP from the five largest stores decreased from approximately 71.3% to 69.3% for the year 2011.

TSP BY MERCHANDISE CATEGORIES

The proportion of sales proceeds of department stores from various merchandise categories for 2011 and 2010 are as follows. Fashion and apparel accounted for approximately 41.1% (2010: 42.4%); merchandise related to cosmetics accounted for approximately 3.8% (2010: 3.7%); watches, gold and jewelry accounting for approximately 22.1% (2010: 18.5%); footwear accounted for approximately 11.1% (2010:11.1%) 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 21.9% (2010: 24.3%) of TSP of department stores business.

<u>SUPERMARKET BUSINESS:</u>

In 2011, TSP of supermarket business reached RMB2,174.4 million. Growth in TSP of the supermarket business was mainly derived from same store sales growth of around 10.9% and the inclusion of the proceeds from the supermarkets which were opened in 2010 and 2011.

During 2011, direct sales contributed approximately 90.0% (2010: 90.4%) and concessionaires sales accounted for around 8.6% (2010: 8.4%) of TSP of the supermarket business. In absolute terms, direct sales and concessionaires sales increased from approximately RMB1,582.3 million to RMB1,956.1 million and RMB146.2 million to RMB186.9 million year-on-year respectively.

TSP BY TOP FIVE STORES

The aggregate contribution to TSP generated from the supermarket business from the five largest stores decreased from approximately 60.6% to 52.4% for the year 2011. The new supermarkets opened in 2010 and 2011 accounted for 14.4% of TSP for the supermarket business during 2011, these stores are expected to become a new driving force for the supermarket business of the Group.

TSP BY MERCHANDISE CATEGORIES

The proportion of sales proceeds of supermarket business from various merchandise categories for 2011 and 2010 are as follows. Fresh food accounted for approximately 34.5% (2010: 33.0%); dry foods accounted for approximately 32.9% (2010: 33.0%), non-food accounted for approximately 27.5% (2010: 28.7%) and the remaining categories including rental income and others accounted for the remaining 5.1% (2010: 5.3%) of the TSP of the supermarket business.

Revenue

	Year ended 31 December					
	2011			2010		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
	(RMB' million)					
Direct sales	**471.1**	**1,956.1**	**2,427.2**	490.5	1,582.3	2,072.8
Commission income from concessionaire sales	**1,050.9**	**28.4**	**1,079.3**	823.8	20.3	844.1
Rental income	**46.4**	**31.4**	**77.8**	37.5	21.0	58.5
Provision of food and beverage services	**–**	**17.5**	**17.5**	–	14.6	14.6
Total revenue	**1,568.4**	**2,033.4**	**3,061.8**	1,351.8	1,638.2	2,990.0

Revenue of the Group amounted to RMB3,601.8 million, representing an increase of 20.5% as compared to RMB2,990.0 million in 2010.

DEPARTMENT STORE BUSINESS:

Revenue from the department store business increased from RMB1,351.8 million to RMB1,568.4 million, representing a year-on-year increase of 16.0% for 2011. The rise in revenues was generally in line with the rise in sales proceeds of the department store business.

Commission income from concessionaire sales: In 2011, the commission rate from concessionaire sales was 17.5%, representing a reduction of 0.5 percentage point from 18.0% in 2010. The decrease was mainly due to the increased contribution from low commission rate merchandise related to watches, gold and jewelry from 18.5% to 22.1% of TSP of department store business in 2011 and the increase and dilution effect on commission rates from concessionaire sales from newly-opened stores (which normally carry a lower commission rate). As mentioned above, the Comprehensive Gross Margin[3] was approximately cut 0.5 percentage point from 21.0% to 20.5% in 2011. 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.

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.

Rental income: Rental income in the department store business increased from RMB37.5 million in 2010 to RMB46.4 million in 2011. The increase was mainly attributable to the opening of new stores, which led to an increase in the gross floor area leased out in the year 2011. Operating floor area had been leased by our department stores to food and beverage, child-education and beauty salon operators, among others was increased from 34,135 square meters to 38,982 square meters during 2011.

SUPERMARKET BUSINESS:

Revenue from the supermarket business increased from RMB1,638.2 to RMB2,033.4 million, representing a rise of 24.1% from 2010. The rise in revenues was generally in line with the rise in sales proceeds of the supermarket business.

Revenue from direct sales: Revenue from direct sales in the supermarket business increased to RMB1,956.1 million from RMB1,582.3 million, representing a rise of 23.6% from 2010. Gross margin from direct sales was approximately 13.9% for 2011, representing a rise of 0.5 percentage point as compared to 13.4% for 2010. Comprehensive Gross Margin reached 23.7% for 2011 (2010: 22.7%). The Group intends to keep gross margin from direct sales and its Comprehensive Gross Margin stable by maintaining a 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 attract more foot traffic for the supermarkets.

Rental income: Rental income from the supermarket business increased to RMB31.4 million from RMB21.0 million, representing a sharp increase of 49.9% from 2010. The change was mainly due to increase in operating floor area leased out and rental income under current lease agreements. Operating floor area had been leased out by our supermarket operations increased to 14,931 square meters from 9,910 square meters during 2011.

Other income and gains

Other income and gains included other operating income and other non-operating income. Other operating income primarily consisted of fee income from suppliers including promotion fees, management fees paid by suppliers for participating in our promotional activities and display fees, which representing charges paid by suppliers for placing and displaying their merchandise on the shelves and counters of our stores, and 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 purchased from suppliers for resale under the direct sales business model. Purchases of and changes in inventories increased from RMB1,806.9 million to approximately RMB2,103.9 million, representing a year-on-year increase of 16.4%. The increase was generally in line with the increase in direct sales for 2011.

Expenses

Expenses consist of staff costs, depreciation and amortisation, rental expenses, other operating costs and non-operating costs. The expenses of the Group as a percentage of TSP increased to approximately 12.7%, representing a cut of 0.1 percentage point as compared with 12.8% for 2010 as a result of improvement in operating leverage.

Staff costs

Our concessionaires and direct sales suppliers are responsible for all staff costs related to their employees who operate the sales counters in our stores. Staff costs increased from RMB294.2million in 2010 to RMB429.6 million in 2011, representing a 46.0% on year-on-year growth. The increase was mainly combined of the salary increment of existing staff and the inclusion of full year staff costs incurred in stores opened at 2010, as well as the staff costs incurred by the Changzhou Yaohan and Jintan Yaohan and new supermarkets opened in 2011.

Total staff costs of the Group as a percentage of TSP increased to approximately 5.0%, representing a rise of 0.7 percentage point as compared with 4.3% for 2010. Operating staff costs of the department store business as a percentage of TSP of the department store business remained stable at approximately 3.1% (2010: 3.1%) as a result of improvement in operating leverage. Operating staff costs of the supermarket business as a percentage of TSP of the supermarket business substantially increased to 7.3% (2010: 5.7%).

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment primarily consist of the depreciation of property, plant and equipment and amortisation of the prepaid land premium and other intangible assets increased from RMB204.5 million to approximately RMB220.6 million, representing a 7.8% increase from 2010. The increase was primarily due to the depreciation and amortisation charges recognised for new supermarkets opened in 2010 and 2011.

Total depreciation and amortisation expenses of the Group as a percentage of TSP decreased to approximately 2.5%, representing a decrease of 0.5 percentage point from 3.0% in 2010. Depreciation and amortisation expenses of the department store business as a percentage of TSP of the department store business decreased to approximately 2.6% (2010: 3.4%) and depreciation and amortisation expenses of the supermarket business as a percentage of TSP of the supermarket business increased to approximately 2.1% (2010: 1.7%).

Rental expenses

Rental expenses primarily consist of rental fees for premises leased for the operation of department stores, supermarkets and office premises and it increased 23.4% from RMB 44.3 million in 2010 to RMB54.7 million in 2011.

Total rental expenses of the Group as a percentage of TSP remained stable at 0.6% in 2011 and 2010. Rental expenses of the department store business as a percentage to TSP of the department store business decreased to approximately 0.2% (2010: 0.3%) and rental expenses of the supermarket business as a percentage of TSP of the supermarket business increased to approximately 1.8% (2010: 1.5%).

Other expenses

Other expenses primarily included other operating costs and non-operating costs. Other operating costs consisted of the costs of utilities, water and electricity, advertising and promotion related expenses, office expenses, decoration and renovation expenses, costs of maintenance and consumables, travelling expenses, bank charges, insurance, property taxes, entertainment expenses, government surcharges and various other costs and expenses. Other non-operating costs consisted of professional fees, loss on disposal of subsidiaries and loss on disposal of property, plant and equipment. Other expenses increased by approximately 17.4% or RMB58.7 million from RMB337.6 million in same period of last year to approximately RMB396.3 million for 2011. The increase was primarily due to the combined effect of inclusion of the full year other operating costs for department store opened at the beginning of 2010, other operating costs for new department stores and supermarkets opened during the year and decrease in other non-operating professional fees.

Other expenses as a percentage of TSP decreased by 0.3 percentage point to approximately 4.6% in 2011 from 4.9% in 2010. The drop in percentage of TSP was due to combined effect of rapid increased in TSP and reduced in listing expenses.

Water and electricity expenses consist of utility costs for department stores, supermarkets and offices premises increased from RMB104.1 million to approximately RMB124.2 million, representing a 19.3% on year-on-year growth. The increase was mainly due to the inclusion of full year operation for Zhenjiang Yaohan department store opened at the beginning of 2010, new department stores and supermarkets opened in 2011 and inflation of electricity price. Total water and electricity expenses of the Group as a percentage of TSP remained stable at approximately 1.4% (2010: 1.5%).

Advertising and promotion related expenses mainly consist of decoration expenses of department stores and supermarkets and sending promotion information to customers through different media. Such expenses increased from RMB50.0 million to approximately RMB62.6 million, representing a 25.2% on year-on-year growth. The growth is in line with the growth in the Group’s TSP. Total advertising and promotion expenses of the Group as a percentage of TSP remained stable at approximately 0.7% in 2011 and 2010.

Profit from operations

Profit from operations (excluded headquarters’ interest income and interest expenses, gains on disposal of investments, and gain or loss on disposal of subsidiaries and assets, unallocated incomes and expenses) increased to approximately RMB848.3 million for the year 2011 from RMB658.6 million for the same period in 2010, representing a year-on-year increase of 28.8%. Profit from operations for the department store business increased to approximately RMB668.3 million for the year 2011 from RMB491.0 million in 2010, representing a year-on-year increase of 36.1%. Operation margin as a percentage of TSP for department store business increased to approximately 10.2%, representing an increase of 0.6 percentage points from 9.6% in 2010 and the increase was mainly due to improved operational efficiency. For the supermarket business, profit from operations increased to approximately RMB180.0 million, representing a year-on-year increase of 7.4% and operating margin as a percentage of TSP for supermarket business decreased to approximately 8.3%, representing a drop of 1.3 percentage points from 9.6% in 2010.

Finance costs

Finance costs were made up of interest expenses on bank borrowings which sharply dropped by 97.2% to approximately RMB2.5 million in 2011. Finance costs saving was due to a decrease in average bank borrowing balance after the Company being listed on Hong Kong Stock Exchange in late 2010.

Profit before tax

Profit before tax hit RMB830.7 million, representing a year-on-year increase of 59.9%. The rise in profit before tax was a combined effect of the rise in profit from operation, increase in other income and gain, cost saving in finance costs.

Income tax expenses

Income tax expenses of the Group increased by approximately 65.8% to approximately RMB239.2 million due mainly to an increase in profit before tax and it included 5% withholding tax provided for the anticipated dividend distribution to the Company by its subsidiaries established in the PRC. The effective tax rate for 2011 was 28.8% (2010: 27.8%).

Profit for the year attributable to owners of the parent

Profit attributable to owners of the parent company increased to approximately RMB580.5 for 2011 (2010: RMB372.2 million), representing year-on-year growth of approximately 56.0%. The net profit margin of 2011 increased to approximately 16.1% from 12.4% of 2010. Basic earnings per share were RMB23 cents for 2011, representing growth of approximately 27.8% from 2010.

CAPITAL EXPENDITURE

Capital expenditure of the Group during 2011 amounted to approximately RMB855.5 million (2010: RMB528.1 million). The amount represented contractual payments made for the acquisition of land use rights, buildings and construction of greenfield projects, and department store chain expansion including acquisitions of subsidiaries and the upgrades to retail space during the year to further enhance the shopping environment.

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. In order to take advantage of interest rate spreads among different currencies, the Group borrowed bank loans denominated in USD. As at 31 December 2011, the Group’s cash and near cash instruments (including bank balances and cash) stood at approximately RMB2,138.9 million (2010: RMB1,537.6 million), whereas the Group had short-term bank loans of 87.2 million (2010: RMB10.0 million).

Total assets of the Group as at 31 December 2011 amounted to approximately RMB8,752.9 million (2010: RMB6,710.9 million), whereas total liabilities amounted to approximately RMB4,593.0 million (2010: RMB2,894.5 million), resulting in a net assets position of RMB4,159.9 million (2010: RMB3,816.4 million). The gearing ratio, calculated by net debt (including bank borrowings, trade payables and other payables and accruals minus cash and cash equivalents) divided by the capital plus net debt of the Group increased to approximately 30% (2010: 16%) at the end of 2011.

The capital commitments of the Group as at 31 December 2011 stood at approximately RMB218.0 million (2010: RMB549.7 million), which were contracted for but not provided in the consolidated financial statement for contractual payments for the acquisition of property, plant and equipment and land use rights.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2011, no assets of the Group were pledged to secure general banking facilities of the Group. As at 31 December 2010, the balance of bank loans was approximately RMB122.5 million, which was guaranteed by the pledge of Group's certain property, plant and equipment and prepaid land premiums amounting to RMB185.8 million.

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, bank loans and deposits were denominated in HKD or USD which exposed the Group to foreign exchange risks attributable to fluctuations in exchange rates between HKD/USD and RMB. The Company and some of its overseas subsidiaries selected the HKD/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 31 December 2011, the Directors considered the Group's foreign exchange risk to be insignificant. For the year ended 31 December 2011, the Group recorded net foreign exchange losses of approximately RMB2.3 million (2010: net foreign exchange gain RMB1.0 million). During 2011, the Group did not use any financial instruments for hedging purposes.

HUMAN RESOURCES

As at 31 December 2011, the Group employed a total of approximately 7,329 full-time employees, of which 3,161 served the department store business and 3,990 served the supermarket business (2010: 6,495 full-time employee, of which 3,054 served department store business and 3,117 served supermarket business). Employees included management, sales people, workers for the logistics support system and other supporting staff. 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 and will be reviewed every year.

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 31 December 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 shares during the year ended 31 December 2011.

CODE ON CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance of the Group. We are committed to compliance of statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Board reviews 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.

The Company complied with all the code provisions set out in the Code on Corporate Governance Practice (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2011.

AUDIT COMMITTEE

The Audit Committee was formed in September 2010 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Code as set out in Appendix 14 of the Listing Rules. Its members include three independent non-executive Directors, being Dr. Lin Zhijun (Chairman), Dr. Zhang Weijiong and Mr. Wang Shuaiting. The Chairman of the Audit Committee has the appropriate professional qualifications as required by Listing Rule.

The principal duties of the Audit Committee include, but are not limited to, reviewing the Company's current financial information, discussing with the auditor of the Company the nature and scope of audit and report obligations, and ensuring that the financial reporting system and the internal control procedures of the Company operate in accordance with applicable standards. The Group's result for the year ended 31 December 2011 has been reviewed by the Audit Committee.

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 were made to all Directors and all Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2011.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting will be held on Monday, 16 April 2012 at Conference Room, 26th Floor, Jinling Hotel, 1 Xianqian East Road, Wuxi City, Jiangsu, the People's Republic of China (the "Annual General Meeting"). A formal notice of the Annual General Meeting 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 of HK10 cents per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 25 April 2012. Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting to be held on 16 April 2012, the final dividend will be paid on 7 May 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 April 2012 (Thursday) to 16 April 2012 (Monday) (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 Annual General Meeting of the Company to be held on Monday, 16 April 2012, 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 11 April 2012 (Wednesday).

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. For the purpose of determining the entitlement of the shareholders to the final dividend for the year ended 31 December 2011 (if approved), the register of members of the Company will be closed from 23 April 2012 (Monday) to 25 April 2012 (Wednesday) (both days 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 2011 (if approved), 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 Friday, 20 April 2012.

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

I would like to express my appreciation for the great contribution of the entire Board, senior management and staff members. Meanwhile, I would like to thank our shareholders and business partners for their continuous support.

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

Hong Kong, 28 February 2012

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.