SPRINGLAND

Springland International Holdings Limited
華地國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1700)

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2012

Financial Highlights

	Six months ended 30 June		
	2012	2011	Growth
	(unaudited)	(unaudited)	
	RMB million	RMB million	
Total Sales Proceeds ("TSP")[1]	**4,996.4**	4,371.6	+14.3%
– department store	***3,770.4***[2]	*3,280.1*	*+14.9%*
– supermarket	***1,226.0***	*1,091.5*	*+12.3%*
Revenue	**1,954.3**	1,832.5	+6.6%
Profit before tax	**552.0**	496.6	+11.2%
Profit attributable to owners of the parent	**391.4**	350.1	+11.8%
Earnings per share-basic (RMB cents)	**16**	14	+11.8%
Net profit margin	**20.0%**	19.1%	+0.9ppt

- **Total Sales Proceeds for the period recorded an increase of 14.3%. Same store sales growth for department store business at 12.1%[3]. Revenue reached an increase of 6.6%.**
- **Profit attributable to owners of the parent was RMB 391.4 million, representing an increase of 11.8%**

1 TSP represents the sum of gross revenue from concessionaire sales, revenue from direct sales and rental income.
2 TSP of department store business excluded sales proceeds generated from Zhenjiang Commercial Building and Zhenjiang Hengsheng Shopping Plaza. The Group holds 50% equity interest of the stores through a jointly-controlled entity.
3 Same store sales growth represents the change in TSP for stores with operations through the comparable period. Same store sales growth for department store business excluded TSP generated from Liyang Yaohan Store and Danyang Springland Store as both stores were closed down floor by floor for renovation during July to December 2011.

- **Earnings per share was RMB 16 cents, which rose by 11.8% as compared to the same period last year.**
- **Net profit margin increased by 0.9 percentage point to 20%.**
- **Proposed interim dividend of HK4 cents per share.**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board (the "Board") of directors (the "Directors") of Springland International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2012, together with comparative figures for the previous year of 2011. The unaudited condensed 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 2012

		Six months ended 30 June	
	Notes	**2012**	2011
		(unaudited)	(unaudited)
		RMB'000	RMB'000
REVENUE	*4*	**1,954,320**	1,832,544
Other income and gains	*5*	**295,086**	240,042
Purchase of and changes in inventories		**(1,077,289)**	(1,065,227)
Staff costs		**(225,483)**	(191,913)
Depreciation and amortisation		**(121,741)**	(104,225)
Rental expenses		**(33,353)**	(26,331)
Other expenses		**(221,447)**	(180,440)
Finance costs		**(17,421)**	(7,864)
Share of losses of a jointly-controlled entity		**(678)**	-
PROFIT BEFORE TAX		**551,994**	496,586
Income tax expense	*6*	**(156,174)**	(140,620)
PROFIT FOR THE PERIOD		**395,820**	355,966
Attributable to:			
Owners of the parent		**391,409**	350,081
Non-controlling interests		**4,411**	5,885
		395,820	355,966
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**0.16**	0.14

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**395,820**	355,966
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(241)**	2,876
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**395,579**	358,842
Attributable to:		
Owners of the parent	**391,168**	352,957
Non-controlling interests	**4,411**	5,885
	395,579	358,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,954,606**	4,456,341
Prepaid land premiums		**468,225**	384,469
Other intangible assets		**46,007**	47,541
Goodwill		**127,439**	127,439
Investment in a jointly-controlled entity		**266,961**	267,639
Available-for-sale investments		**2,310**	2,310
Long-term prepayments		**285,948**	590,928
Deferred tax assets		**39,374**	30,857
Total non-current assets		**6,190,870**	5,907,524
CURRENT ASSETS			
Inventories		**251,912**	457,990
Trade receivables	9	**14,162**	9,981
Prepayments, deposits and other receivables		**248,835**	208,474
Investments at fair value through profit or loss	10	**662,526**	30,023
Cash and cash equivalents	10	**1,834,650**	2,138,947
Total current assets		**3,012,085**	2,845,415
CURRENT LIABILITIES			
Interest-bearing bank borrowings	11	**796,287**	87,192
Trade payables	12	**797,857**	1,032,286
Other payables and accruals		**1,711,645**	1,944,383
Derivative financial liabilities		**1,758**	-
Tax payable		**62,959**	53,610
Total current liabilities		**3,370,506**	3,117,471
NET CURRENT LIABILITIES		**(358,421)**	(272,056)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,832,449**	5,635,468
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	11	**844,675**	837,784
Long-term payables		**286,686**	279,786
Deferred tax liabilities		**365,088**	358,004
Total non-current liabilities		**1,496,449**	1,475,574
Net assets		**4,336,000**	4,159,894
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**21,589**	21,589
Reserves		**4,283,989**	3,904,716
Proposed final dividend	7	**-**	202,675
		4,305,578	4,128,980
Non-controlling interests		**30,422**	30,914
Total equity		**4,336,000**	4,159,894

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 2012 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 2011.

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 this 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 Group's operating segments for the six months period ended 30 June 2012 and 2011, respectively.

For the six months period ended 30 June 2012 (unaudited)

	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	**806,810**	**1,147,510**	**1,954,320**
Segment results	**426,387**	**119,689**	**546,076**
Reconciliation:			
Interest income and unallocated gains			**74,794**
Corporate and other unallocated expenses			**(51,455)**
Finance costs			**(17,421)**
Profit before tax			**551,994**

For the six months period 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

3. Operating segment information (continued)

The following table presents segment assets of the Group's operating segments as at 30 June 2012 and 31 December 2011, respectively:

As at 30 June 2012 (unaudited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment assets	**5,552,584**	**917,551**	**6,470,135**
Reconciliation:			
Corporate and other unallocated assets			**2,732,820**
Total assets			**9,202,955**

As at 31 December 2011 (audited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
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

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 period ended 30 June 2012 and 2011.

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:

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Sales of goods - direct sales	**1,267,334**	1,241,460
Commission income from concessionaire sales (Note)	**634,697**	545,630
Total turnover	**1,902,031**	1,787,090
Rental income	**43,759**	36,757
Provision of food and beverage service	**8,530**	8,697
Total revenue	**1,954,320**	1,832,544

Note:

The commission income from concessionaire sales is analysed as follows:

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	3,685,324	3,093,413
Commission income from concessionaire sales	634,697	545,630

5. Other income and gains

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**220,292**	176,161
Interest income	**11,954**	33,425
Subsidy income	**17,243**	23,204
Others	**3,831**	7,174
	253,320	239,964
Gains		
Gain on disposal of investments at fair value through profit or loss	**29,263**	-
Fair value gains, net:		
Investments at fair value through profit or loss		
- held for trading	**12,503**	78
	41,766	78
	295,086	240,042

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 operated. 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 period.

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

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 2011: 25%) on the assessable profits of the subsidiaries of the Group established in Mainland China.

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - PRC corporate income tax charge for the period	**157,607**	131,774
Deferred	**(1,433)**	8,846
Total tax charge for the period	**156,174**	140,620

7. Dividends

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period:		
Final dividends for 2011: HK10 cents (2010: HK7 cents)	202,675	148,908
Dividends on ordinary share proposed during the period (not recognized as a liabilities as at 30 June)		
Proposed interim dividend for 2012: HK4 cents (2011: HK 4 cents)	81,663	82,385

8. 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 for the period attributable to the ordinary equity holders of the parent of RMB391,409,000 (six months period ended 30 June 2011: RMB350,081,000) and the weighted average number of ordinary shares of 2,500,000,000 (six months period ended 30 June 2011: 2,500,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period.

9. 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.

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. Investments at fair value through profit or loss and cash and cash equivalents

	30 June 2012	31 December 2011
	(unaudited)	(audited)
	RMB'000	RMB'000
Investments at fair value through profit and loss (i)	**662,526**	30,023
Cash and cash equivalents (ii)	**1,834,650**	2,138,947
	2,497,176	2,168,970

10. Investments at fair value through profit or loss and cash and cash equivalents (continued)

Notes:

(i) Investments at fair value through profit or loss mainly include wealth management products purchased from banks. The above investments as at 30 June 2012 and 31 December 2011 were classified as held for trading.

(ii)

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Cash and bank balances	**1,421,181**	1,945,929
Time deposits	**413,469**	193,018
Cash and cash equivalents	**1,834,650**	2,138,947

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one month and nine months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and time deposits approximate to their fair values.

11. Interest-bearing bank borrowings

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Unsecured bank loans	**1,640,962**	929,976
Bank loans repayable:		
Within one year or on demand	**796,287**	87,192
Over one year but within two years	**182,398**	181,706
Over two years but within five years	**662,277**	656,078
Total bank borrowings	**1,640,962**	942,976
Less: Portion classified as current liabilities	**(796,287)**	(87,192)
Long-term portion	**844,675**	837,784

The Group's bank loan bore effective interest rate at 3.1% per annum as at 30 June 2012 (31 December 2011: 3.75%).

11. Interest-bearing bank borrowings (continued)

The carrying amounts of the Group's borrowings as at 30 June 2012 were dominated in United States dollars, Hong Kong dollars and RMB, with amount of US$227,291,750 (equivalent to RMB1,437,598,000), HK$224,437,500 (equivalent to RMB182,962,000) and RMB20,402,000 respectively.

12. Trade payables

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

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

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within three months	688,414	930,473
Over three months but within six months	52,079	47,072
Over six months but within one year	33,397	33,239
Over one year	23,967	21,502
	797,857	1,032,286

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.

13. Events after the interim reporting period

At a meeting held on 7 August 2012, the Directors declared an interim dividend of HK4 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

In 2012, the global economy is at a precarious stage and downside risks have risen sharply. The most salient risk is from an intensification of feedback loops between sovereign and bank funding pressures in the euro area, resulting in more protracted bank deleveraging and sizable contractions in credit and output in both Europe and elsewhere. China's economic growth has been very good for quite some years. However, the weak global environment has led to lower their growth forecasts for the PRC. Growth is expected to fall to 7.5% this year. It is the lower growth rate since 2006. Inflation has peaked at 6.5% in July 2011 and fell to 4.1% at the end of 2011 and continued to fall steadily in the first half of 2012. As an indicator of economic environment, retail sales will be slow but its growth rates are still high in comparison with most other industries. The government's effort to encourage consumption through policies to boost income will be the main drivers of economic growth.

Majority of the Group's sales proceed and profit are contributed from Jiangsu Province. In the first half year of 2012, the overall economy and development of Jiangsu Province is stable and good. The GDP for Jiangsu Province increases by 9.9% to RMB2,538 billion. Retail market still records a remarkable performance along with rapid growth of middle class population as well as steady increasing income even though a complex and volatile retail environment is still affecting the market. Total retail sales of consumer product of Jiangsu Province increased by 14.9% to RMB889 billion. The urban residents disposable income per capita is RMB15,655 increased by 13.9%.

The blooming of shopping malls, which will affect the development of department store business, results from extremely rapid growth of commercial property business in China. The supermarket business is in the booming stage with fierce competition. Retailers are scrambling to expand across China where substantial growth in demand is expected. Global retailers will continue their expansion to capture opportunities in China amidst intense local competition.

Business Review

For the half year ended 30 June 2012, the Group's TSP recorded RMB5.0 billion, representing an increase of 14.3% compared to the same period last year. The department store business has achieved TSP of RMB3.8 billion, representing an increase of 14.9% compared to the same period last year; same store sales growth increased by 12.1% compared to the same period last year. The supermarket business achieved RMB1.2 billion, representing an increase of 12.3% over the same period last year. The Group maintains a sustainable growth and profit for the period which is RMB395.8 million, representing an increase of 11.2% over the same period last year. The Group will continue to strengthen the position in Greater Yangtze River Delta Region, to enhance the operational efficiency of the Group and to create a sustainable growth. The Group strives to become the most professional regional retail operator in the PRC.

Starting from the end of 2011, on the Group has optimized the headcount and process in order to ensure rational allocation of employees and their positions. Improvement in labor and system efficiency and concurrent employee's income relatively lead to industry level. Currently, the optimization shows initial results. The efficiency of labor on same store basis for both department store business and supermarket business has been improved. As a long-term strategy plan, we expect to be the benchmark on efficiency of labor and income for the industry.

During the year, the Group will keep on upgrading the department customer relation management system ("CRM system"). Promotion of "Privilege Sales for Members" becomes routine event. By introducing customer-oriented services, experiential consumption and cross industries alliance for exploring new clientele are the keys to enable the Group being an innovator on market. Moreover, keeping a proficient mutual communication network for customers and frequent review on maintenance of client base results in an increase on higher level of customer satisfactory and their loyalty. For the six months period ended 30 June 2012, VIP consumption accounted for 56% of TSP in department store business. The Group will focus on the continuous improvement and upgrading the CRM system strategically.

Development Strategy

The Group will commit to the development of its business in the Greater Yangtze River Delta Region focusing on provinces such as Jiangsu Province, Anhui Province, and the northern Zhejiang region. For the business development, the Group firstly focuses on the cities with good economic prospectus or strong market potential by intensifying its market share. Based on encouraging experience in Zhenjiang Yaohan Store, the Group will study the success mode for shopping mall by taking advantage of operating both department stores and supermarkets. Hence, shopping malls will be opened and major portion of the retails will be operated by the Group in Yixing and Jiaxing with Springland's charisma. In July 2012, the Group successfully bid for the land use rights of the land with a total site area of approximately 30,000 square meters in Jiaxing City, Zhejiang Province, the PRC and plans to develop the land into an advanced shopping mall with estimated gross floor area of 144,100 square meters.

For department store operation, the Group will focus on "Customer", "Staff" and "Concessionaire"-three major divers of retails. The Group will further study and invest strategically in customer's behavior by employing CRM system, motivate the employees' enthusiasm and responsibility for their positions. The Group will maintain good relationship with the concessionaire and work closely together to maximize the value of target customers. Position of supermarket will be innovative community based. The supermarket serves consumer groups with higher income level demanding a good quality of life. The Group will further enhance our existing strengths and build core competitiveness on "eat". Fresh food and packed food products will be under spotlight and the Group will focus on setting up an efficient refrigeration system for fresh products. In particular, fullness, merchantability, freshness, health and save are the four key concerns. The Group will construct and build product development, technology development and training in order to keep the core-competence of the fresh.

FINANCIAL REVIEW

TSP and Revenue

	For the six months ended 30 June					
	2012			2011		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB'million)			
Revenue	**806.8**	**1,147.5**	**1,954.3**	810.5	1,022.0	1,832.5
Add/ (less)						
Provision of food and beverage services	**–**	**(8.5)**	**(8.5)**	–	(8.7)	(8.7)
Commission income from concessionaire sales	**(618.5)**	**(16.2)**	**(634.7)**	(531.5)	(14.1)	(545.6)
Gross revenue of concessionaire sales	**3,582.1**	**103.2**	**3,685.3**	3,001.1	92.3	3,093.4
TSP	**3,770.4**	**1,226.0**	**4,996.4**	3,280.1	1,091.5	4,371.6
Representing:						
Direct sales	**163.3**	**1,104.0**	**1,267.3**	256.0	985.5	1,241.5
Gross revenue of concessionaire sales	**3,582.1**	**103.2**	**3,685.3**	3,001.1	92.3	3,093.4
Rental income	**25.0**	**18.8**	**43.8**	23.0	13.7	36.7
TSP	**3,770.4**	**1,226.0**	**4,996.4**	3,280.1	1,091.5	4,371.6
Same Store sales growth	**12.1%**	**1.0%**				

For the six months period ended 30 June 2012, TSP of the Group increased to RMB4,996.4 million, representing an increase of 14.3% as compared to the same period in 2011. TSP are generated from both the department store and supermarket business. TSP of the department store and supermarket businesses increased to RMB3,770.4 million and RMB1,226.0 million, representing an increase of approximately 14.9% and 12.3% respectively from the same period in 2011.

Department store business:

For the six months period ended 30 June 2012, TSP from the department store business grew to RMB3,770.4 million and was mainly attributable to same store sales growth of approximately 12.1%. For the six months period ended 30 June 2012, concessionaire sales contributed approximately 95.0% (30 June 2011: 91.5%) to TSP within the department store business. Direct sales accounted for approximately 4.3% (30 June 2011: 7.8%) of TSP of the department store business.

TSP derived from Wuxi Yaohan Department Store, as a percentage of TSP of the department store business, decreased from approximately 22.6% to 20.8% for the six months period ended 30 June 2012. The aggregate contribution to TSP from the five largest stores decreased from approximately 69.9% to 66.5% in the same period. Stores opened in 2010 and 2011 are expected to become the new driving force for the department store business and the Group's sales growth.

The proportion of sales proceeds of department stores from various merchandise categories for the six months period ended 30 June 2012 and the same period in 2011 are as follows: Fashion and apparel accounted for approximately 40.9% (30 June 2011: 41.6%); merchandise related to cosmetics and accessories accounted for approximately 28.4% (30 June 2011: 25.4%); footwear accounted for approximately 11.1% (30 June 2011: 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 19.6% (30 June 2011: 22.1%).

Supermarket business:

For the six months period ended 30 June 2012, TSP of supermarket business reached RMB1,226.0 million and the grew was mainly attributable to new stores. For the six months period ended 30 June 2012, direct sales contributed approximately 90.0% (30 June 2011: 90.3%) and concessionaires sales accounted for approximately 8.4% (30 June 2011: 8.5%) of TSP of the supermarket business.

The aggregate contribution to TSP generated from the five largest supermarkets decreased from approximately 54.5% to 48.1% for the six months period ended 30 June 2012. The new supermarkets accounted for 13.5% of TSP for the supermarket business during that period.

The proportion of sales proceeds of supermarkets from various merchandise categories for the six months period ended 30 June 2012 and the same period in 2011 are as follow: Fresh food accounted for approximately 33.8% (30 June 2011: 32.5%); dry foods accounted for approximately 34.2% (30 June 2011: 35.4%), non-food accounted for approximately 27.0% (30 June 2011: 27.0%), and the remaining categories, including rental income and others, accounted for the remaining 5.0% (30 June 2011: 5.1%).

For the six months period ended 30 June 2012, the revenue of the Group amounted to RMB1,954.3 million, representing an increase of 6.6% as compared to the same period last year. Revenue from the department store business decreased to approximately RMB806.8 million, representing a drop of 0.5% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB1,147.5 million, representing an increase of 12.3% as compared to the same period last year. The drop in revenue of the department store business was due to the decrease in direct sales larger than the increase in commission income from concessionaire sales. Sales model of electronic appliances have changed from direct sales to concessionaire sales resulted drop in direct sales amount.

Commission Rate from Concessionaire Sales and Gross Margin from Direct Sales

Commission income from concessionaire sales for department store business:

For the six months period ended 30 June 2012, the commission rate from concessionaire sales was 17.3%, representing a reduction of 0.4 percentage point from 17.7% of the same period in 2011. The decrease was mainly due to combine of the increased contribution from merchandise related to electronic appliance, jewelry and accessories, which have lower commission rate. The Group intends to maintain the stability of its commission rate by conducting periodic reviews and enhancing its mix of merchandise to reflect the changing consumption demands. Thus, the Comprehensive Gross Margin[4] was approximately 20.9% for six months period ended 30 June 2012 representing almost the same as compared to 20.8% for the same period in 2011.

Revenue from direct sales for supermarket business:

Gross margin from direct sales for supermarket business was approximately 15.0% for the six months period ended 30 June 2012, representing an increase of 0.7 percentage point as compared to 14.3% for the same period in 2011. Comprehensive Gross Margin was 25.4% for the six months period ended 30 June 2012 (30 June 2011: 24.0%). The Group intends to keep gross margins from direct sales and its Comprehensive Gross Margin stable by expanding the sales contribution from fresh food products, increase food quality and reduce wastage by invest in equipment and technical input.

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, reimbursing electricity charge and material etc. Other non-operating income included interest income, Government subsidy income and investments income.

Purchases of and changes in inventories

Purchases of and changes in inventories represented the cost of merchandise that the Group purchased from suppliers for resale under the direct sales business model. For the six months period ended 30 June 2012, purchases of and change in inventories increased to approximately RMB1,077.3 million, representing an increase of 1.1% as compared to the same period last year. The growth was generally in line with the increase of direct sales.

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. For the six months period ended 30 June 2012, staff costs was increased by 17.5% to approximately RMB225.5 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 TSP increased to approximately 4.5%, representing a rise of 0.1 percentage point as compared to 4.4% for the same period in 2011.

4 Comprehensive Gross Margin is calculated as comprehensive gross profit divided by TSP. Comprehensive gross profit included the gross profit of direct sales, commission income from concessionaire sales, rental income and other income, mainly dirvied from the service fee collected from concessionaires and suppliers.

Depreciation and amortization

Depreciation and amortisation primarily consist of the depreciation of property, plant and equipment and amortisation of the prepaid land premium and other intangible assets. For the six months period ended 30 June 2012, depreciation and amortisation were increased by 16.8% to approximately RMB121.7 million. The increase was primarily due to the inclusion of the depreciation and amortisation charges recognized for new stores opened during the period. Total depreciation and amortisation expenses of the Group as a percentage of TSP maintained at approximately 2.4% which was the same as compared to the same period in 2011.

Rental expenses

Rental expenses primarily consist of rental fees for premises leased for the operation of department stores, supermarkets and office premises. Rental expenses remained stable at RMB33.4 million for the six months period ended 30 June 2012. Rental expenses of the Group as a percentage of TSP increased to approximately 0.7%, representing an increase of 0.1 percentage point from 0.6% for the same period in 2011.

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 and loss on disposal of property, plant and equipment. Other expenses increased by 22.7% to approximately RMB221.4 million for the six months period ended 30 June 2012.

Finance costs

The Group incurred total interest expenses of RMB17.4 million, an increase of 2.2 times from the same period in 2011. The increase was due to the increase of syndicated loans and short-term borrowings during the period. During the period, approximately RMB5.6 million of the interest expenses has been capitalized as property under development in respect of the Changxing store project.

Shares of losses of a Jointly-controlled entity

This is the share of losses from Zhenjiang Baisheng Commercial Center Co., Ltd., a jointly-controlled entity of the Company.

Profit from operations and operating margin

Profit from operations increased from approximately 13.3% to approximately RMB546.1 million for the six months period ended 30 June 2012. Profit from operations for the department store business increased by approximately 14.9% to approximately RMB426.4 million. Operation margin as a percentage of TSP for department stores maintained at approximately 11.3% which was the same as compared to the same period in 2011.

For the supermarket business, profit from operations increased by approximately 7.8% to approximately RMB119.7 million and operating margin as a percentage of TSP decreased to approximately 9.8%, representing a drop of 0.4 percentage point from 10.2% for the same period in 2011.

Profit before tax

Profit before tax reached RMB552.0 million for the six months period ended 30 June 2012, representing an increase of 11.2% from the same period in 2011. The rise in profit before tax was generally in line with the rise in profit from operations.

Profit for the period attributable to owners of the parent

Profit attributable to owners of the parent company increased to approximately RMB391.4 million for the six months period ended 30 June 2012, representing a growth of approximately 11.8% from the same period in 2011. The net profit margin in term of TSP kept at 7.8% for the six months ended 30 June 2012 (30 June 2011: 8.0%). The net profit margin in term of revenue increased to approximately 20.0% from 19.1%.

Profit for the period reached RMB395.8 million for the six months period ended 30 June 2012. Basic earnings per share were RMB16 cents for the six months period ended 30 June 2012.

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 mainly borrowed bank loans denominated in HKD and USD.

As at 30 June 2012, the Group was in net cash position. The Group's cash and near cash instruments (including bank balances, cash and investments at fair value through profit and loss) stood at approximately RMB2,497.2 million (31 December 2011: RMB2,169. 0 million), whereas the Group had short-term bank loan of RMB796.3 million (31 December 2011: RMB87.2 million).

Total assets of the Group as at 30 June 2012 amounted to approximately RMB9,203.0 million (31 December 2011: RMB8,752.9 million), whereas total liabilities amounted to approximately RMB4,867.0 million (31 December 2011: RMB4,593.0 million), resulting in a net asset position of RMB4,336.0 million (31 December 2011: RMB4,159.9 million). As at 30 June 2012, the gearing ratio, calculated by total interest-bearing bank borrowings divided by total assets of the Group increased to 17.8% (31 December 2011: 10.6%).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2012, the Group had no material contingent liabilities and no assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. 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. Hedging instruments including swaps and forwards have been used. In relation to a portion of the unsecured bank loans, the Group has entered into interest rate swaps to hedge the Group's exposure against interest rate fluctuation and cross currency swap to minimise the Group's exposure to exchange rate fluctuation.

HUMAN RESOURCES

As at 30 June 2012, the Group employed a total of approximately 7,689 full-time employees, of which 3,197 served the department store business and of which 4,315 served the supermarket business (31 December 2011: 7,329 full-time employee, of which 3,161 served the department store business and of which 3,990 served the 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 duties, performance and length of service of each individual employees 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 2012, 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 six months ended 30 June 2012.

CORPORATE GOVERNANCE PRACTIES

The Directors are of 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 2012, except for the following deviation:

CODE PROVISION A.1.8
CG Code Provision A.1.8 requires that the Company should arrange appropriate insurance cover in respect of legal action against its directors. Throughout the aforesaid six months period and up to the date of this announcement, the Company has been in continuous dialogue with various insurance brokers and insurance companies to source such insurance cover and comparing the quotations. The Company will make a decision and purchase such insurance cover by the end of September 2012.

AUDIT COMMITTEE

The Audit Committee normally meets four times each year with the purpose of monitoring the integrity of the Group's financial statements and to consider the nature and scope of internal and external audit reviews. It also assesses the effectiveness of the systems of internal control. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed with the management and the independent auditor on financial reporting matters in respect of the unaudited interim condensed financial statement for the six months ended 30 June 2012.

Under its terms of reference, the Audit Committee consists at least three Non-executive Director. The majority of them shall be Independent Non-executive Directors and at least one of them has to be an Independent Non-executive Director. The Audit Committee consists of three Independent Non-executive Directors, being Dr. Lin Zhijun (chairman), Dr. Zhang Weijong and Mr. Wang Shuaiting.

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. After having made specific enquiry, the Company confirms that all Directors have complied with the required standards set out in the Model Code throughout the six months period ended 30 June 2012.

INTERIM DIVIDEND

The Board proposed to pay an interim dividend of HK4 cents per ordinary share of the Company for the six months ended 30 June 2012 (for the six months ended 30 June 2011: HK4 cents) to shareholders whose names appear on the register of members of the Company on 24 August 2012, It is expected that the interim dividend will be paid on or about 5 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 August 2012 to 24 August 2012 (both days inclusive) during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all transfers documents, accompanied 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 21 August 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 interim report for the six months period ended 30 June 2012 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, 7 August 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.