SPRINGLAND

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1700)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS OF FINAL RESULTS

- **Total Sales Proceeds ("TSP")[1] increased to RMB9,858.9 million, representing a year-on-year growth of 13.4%; TSP from the department store business increased to RMB7,442.3 million, representing a year-on-year growth of 14.1% and TSP from the supermarket business increased to RMB2,416.6 million, representing a year-on-year growth of 11.1%**
- **Same store sales growth[2] for department store business and supermarket business remains at 8.8% and -1.0% respectively**
- **Profit attributable to owners of the parent was RMB651.3 million, representing a year-on-year increase of 12.2 %**
- **Earnings per share was RMB26 cents**
- **Proposed final dividend of HK12 cents per share**

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The board (the "Board") of directors (the "Directors") of Springland International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively hereafter referred to as the "Group") for the year ended 31 December 2012, together with comparative figures for the previous year of 2011 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 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	4	3,806,888	3,601,762
Other income and gains	5	566,381	436,457
Purchase of and changes in inventories		(2,111,871)	(2,103,878)
Staff costs		(482,678)	(429,620)
Depreciation and amortisation		(254,207)	(220,599)
Rental expenses		(67,959)	(54,675)
Other expenses	6	(489,098)	(396,279)
Finance costs	7	(43,550)	(2,455)
Share of losses of a jointly-controlled entity		(1,889)	-
PROFIT BEFORE TAX		922,017	830,713
Income tax expense	8	(265,758)	(239,172)
PROFIT FOR THE YEAR		656,259	591,541
Attributable to:			
Owners of the parent		651,285	580,539
Non-controlling interests		4,974	11,002
		656,259	591,541
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	0.26	0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RMB'000	2011 RMB'000
PROFIT FOR THE YEAR	656,259	591,541
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	(18,831)	-
Income tax effect	4,708	-
	(14,123)	-
Exchange differences on translation of foreign operations	8,356	(6,726)
OTHER COMPEHENSIVE INCOME FOR THE YEAR, NET OF TAX	(5,767)	(6,726)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	650,492	584,815
Attributable to:		
Owners of the parent	645,518	573,813
Non-controlling interests	4,974	11,002
	650,492	584,815

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,805,327	4,456,341
Prepaid land premiums		890,023	384,469
Other intangible assets		44,474	47,541
Goodwill		184,167	127,439
Investment in a jointly-controlled entity		260,935	267,639
Available-for-sale investments		108,765	2,310
Long-term prepayments		165,957	590,928
Deferred tax assets		54,918	30,857
Total non-current assets		7,514,566	5,907,524
CURRENT ASSETS			
Inventories		314,152	457,990
Trade receivables	11	8,610	9,981
Prepayments, deposits and other receivables		263,915	208,474
Investments at fair value through profit or loss		-	30,023
Structured deposits		710,000	-
Derivative financial instruments		276	-
Cash and cash equivalents		1,539,313	2,138,947
		2,836,266	2,845,415
Assets of a disposal group classified as held for sale		30,738	-
Total current assets		2,867,004	2,845,415
CURRENT LIABILITIES			
Interest-bearing bank borrowings		793,619	87,192
Trade payables	12	1,110,973	1,032,286
Other payables and accruals		2,263,167	1,944,383
Derivative financial instruments		1,043	-
Tax payable		81,153	53,610
		4,249,955	3,117,471
Liabilities directly associated with the assets classified as held for sale		3,107	-
Total current liabilities		4,253,062	3,117,471
NET CURRENT LIABILITIES		(1,386,058)	(272,056)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,128,508	5,635,468

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		654,500	837,784
Long-term payables		291,045	279,786
Deferred tax liabilities		472,327	358,004
Total non-current liabilities		1,417,872	1,475,574
Net assets		4,710,636	4,159,894
EQUITY			
Equity attributable to owners of the parent			
Issued capital	13	21,589	21,589
Reserves		4,214,219	3,904,716
Proposed final dividend	9	242,589	202,675
		4,478,397	4,128,980
Non-controlling interests		232,239	30,914
Total equity		4,710,636	4,159,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Springland International Holdings Limited was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2006 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman 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 ("the IASB"), 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 some investments and derivative financial instruments, which have been measured at fair value. Non-current assets and disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. In this year, the Group has applied a number of revised IFRSs. The adoption of revised IFRSs has had no significant financial effect on the consolidated financial statements of the Group for the current accounting period.

3. Operating segment information

For management purposes, the Group is 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.

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

Segment liabilities exclude interest-bearing bank borrowings, derivative financial instruments, tax payable, liabilities directly associated with the assets classified as held for sale, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

3. Operating segment information (continued)

Year ended 31 December 2012	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	1,550,993	2,255,895	3,806,888
Segment results	756,967	191,348	948,315
Reconciliation:			
Interest and dividend income and unallocated gains			127,168
Corporate and other unallocated expenses			(109,916)
Finance costs			(43,550)
Profit before tax			922,017
Segment assets	6,729,629	1,174,829	7,904,458
Reconciliation:			
Corporate and other unallocated assets			2,446,374
Assets of a disposal group classified as held for sale			30,738
Total assets			10,381,570
Segment liabilities	2,915,517	598,068	3,513,585
Reconciliation:			
Corporate and other unallocated liabilities			2,154,242
Liabilities directly associated with the assets classified as held for sale			3,107
Total liabilities			5,670,934
Other segment information			
Share of losses of a jointly-controlled entity	1,889	-	1,889
Depreciation and amortisation	193,861	56,060	249,921
Corporate and other unallocated amounts			4,286
Total depreciation and amortisation			254,207
Investment in a jointly-controlled entity	260,935	-	260,935
Capital expenditure	1,772,809	344,291	2,117,100
Corporate and other unallocated amounts			3,936
Total capital expenditure*			2,121,036
Provision for slow-moving inventories	491	1,954	2,455

3. Operating segment information (continued)

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

* 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 revenue derived from sales to a single customer or a group of customers under the common control accounted for 10% or more of the Group's revenue for the year.

4. Revenue

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

	2012 RMB'000	2011 RMB'000
Sales of goods - direct sales	2,455,051	2,427,156
Commission income from concessionaire sales (Note)	1,248,509	1,079,332
Total turnover	3,703,560	3,506,488
Rental income	87,893	77,803
Provision of food and beverage service	15,435	17,471
Total revenue	3,806,888	3,601,762

Note:

The commission income from concessionaire sales is analysed as follows:

	2012 RMB'000	2011 RMB'000
Gross revenue from concessionaire sales	7,315,961	6,191,753
Commission income from concessionaire sales	1,248,509	1,079,332

5. Other income and gains

	2012 RMB'000	2011 RMB'000
Other income		
Fee income from suppliers	439,213	354,717
Interest income	103,863	23,561
Interest income from loans and receivables	-	31,810
Subsidy income	18,487	23,748
Others	4,496	2,546
	566,059	436,382
Gains		
Fair value gains, net:		
Investments at fair value through profit or loss -held for trading	322	75
	322	75
	566,381	436,457

6. Other expenses

Other expenses mainly include utility expenses, advertising and promotion expenses, provision for uncollectible receivables regarding sales of prepaid cards, losses on disposal of property, plant and equipment, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax, government surcharges and other miscellaneous expenses.

7. Finance costs

An analysis of finance costs is as follows:

	2012 RMB'000	2011 RMB'000
Interest on bank borrowings wholly repayable within five years	52,456	6,264
Less: Interest capitalised	(8,906)	(3,809)
	43,550	2,455

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

	2012 RMB'000	2011 RMB'000
Current - PRC corporate income tax charge for the year	267,203	222,892
Deferred	(1,445)	16,280
Total tax charge for the year	265,758	239,172

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:

	2012 RMB'000	2011 RMB'000
Profit before tax	922,017	830,713
Tax at the statutory tax rate of 25% (2011: 25%)	230,504	207,678
Expenses not deductible for tax	19,685	7,105
Losses attributable to a jointly-controlled entity	472	-
Utilisation of previously unrecognised deductible tax losses	-	(283)
Effect of withholding tax on the distributable profits of the PRC Subsidiaries	15,097	24,672
Tax charge at the Group's effective rate	265,758	239,172

9. Dividends

	2012 RMB'000	2011 RMB'000
Interim – HK4 cents (2011: HK4 cents) per ordinary share	81,663	82,385
Proposed final – HK12 cents (2011: HK10 cents) per ordinary share	242,589	202,675
	324,252	285,060

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

The amount which the PRC Subsidiaries can legally distribute by way of dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements prepared in accordance with the accounting rules and regulations in the PRC ("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 RMB651,285,000 (2011: RMB580,539,000), and the weighted average number of ordinary shares of 2,500,000,000 (2011: 2,500,000,000) in issue during the year.

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

11. 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:

	2012 RMB'000	2011 RMB'000
Within one month	8,610	9,981

12. 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:

	2012 RMB'000	2011 RMB'000
Within three months	995,173	930,473
Over three months but within six months	61,992	47,072
Over six months but within one year	23,664	33,239
Over one year	30,144	21,502
	1,110,973	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. Issued capital

Authorised

	No. of shares at HK$0.01 each 2012 Thousands	No. of shares at HK$0.01 each 2011 Thousands
Ordinary shares	10,000,000	10,000,000

Ordinary shares issued and fully paid

	No. of shares at HK$0.01 each Thousands	RMB'000
As at 31 December 2011 and 2012	2,500,000	21,589

MANAGEMENT DISCUSSION AND ANALYSIS

The Chinese economy grew 7.8 percent in 2012 - the country's slowest rate of growth since 1999. In this year, the Chinese economy maintained a state of stability and steady economic growth, adjusted the structure of economic by switching from a reliance on exports to boosting consumer demands. It was believed that the growth rate will be in slow pace in the future. Demanding customers and keen market competition resulted in the industry upgrading throughout the period. We believed that business growth will be drive by appropriate strategy, outstanding operation teams and proper store networks. By slowing down of growth rate in Chinese economy and pronounced economic uncertainty for many countries around the world, the Group still kept on track to open high quality stores to cut down operating cost and seize market share. The Group targeted sustainable benefits to its shareholders.

In this situation, by the great effort of staffing members and continuous support from our business partners, the Group's total sales proceeds increased to RMB9.9 billion, an increase of 13.4% year-on-year. Profit for the year reached to RMB656.3 million, growth of 10.9% year-on-year; earning per share were RMB26 cents. The Board proposed a final dividend of HK12 cents per share for the year ended 31 December 2012.

BUSINESS REVIEW

Springland's department store is an advocator for qualify of living. In addition to the annual spring and autumn adjustments in the department stores, the Group completed adjustment of merchandise mix in several stores in 2012. International cosmetic brands such as ESTEE LAUDER, Lancome, FANCL, Sisley and Clinique launched in Wuxi, Zhenjiang and Yixing stores. After refurbishment and upgraded in Nantong Yaohan store, new trendy brands such as HUGO BOSS, PAUL & SHARK, Dunhill and Armani were introduced. As a result, more stylish and personalized merchandise was presented in the stores. The Group persisted in adopting effective promotional events such as "Privilege Sales for Members", "Anniversary", "Brand Label Private Sales" and "Staff Promotion".

Blog and WeChat have been adopted as new media for releasing news and events among the young. During the year, the Group will keep on upgrading the department customer relation management system ("CRM system"). The Group introduced customer-oriented and exclusively value-added services which are a vital force to strengthen customers' loyalty and satisfaction by experiential consumption. In 2012, VIP consumption increased to 57.2% from 53.8% of total sales proceeds in the department store business. VIP members increased to 2.0 million as at year ended 31 December 2012.

The focus points of the supermarket business were competitiveness on fresh product and improvement in labor efficiency. An increase of 14.9% on fresh food sales resulted from the implementation of a cold chain distribution system for fruit and vegetable, centralized procurement of fresh water & iced fish and the development of advanced technology for bread making and cooked food. Labor efficiency was improved by optimizing headcount and processes in order to ensure the rational allocation of staff.

NEW STORE OPENINGS AND NETWORK EXPANSION

On 10 August 2012, Changxing Yaohan department store and Changxing Datonghua supermarket commenced operation with gross floor areas of approximately 36,000 square meters and 9,000 square meters respectively. The grand opening of these stores represented a remarkable step for Springland as the Group established itself in Zhejiang Province.

On 1 December 2012, Xuancheng Yaohan department and Xuancheng Datonghua supermarket were opened. Xuancheng Yaohan and Xuancheng Datonghua are situated at a prime location on Diezhang Road of Xuancheng City, occupying gross floor areas of approximately 35,000 square meters and 18,000 square meters respectively. The successful opening of Xuancheng Stores demonstrated the preliminary achievements of our strategic expansion in Anhui and established a solid foundation for development in Anhui Province.

In December 2012, the Group acquired 51% equity interest in Yangzhou Fengxiang Commercial Co., Ltd. which is engaged in the operation of a department store, Yangzhou Wanjiafu Commercial Building, in Yangzhou, Jiangsu Province. The gross floor areas of Yangzhou Wanjiafu Commercial Building is 25,000 square meters. The store is located in the core district in Yangzhou and expanded our store network to the northern part of Jiangsu Province.

During 2012, four new supermarkets were opened, which occupied gross floor area of total approximately 31,000 square meters, and located along the existence logistic routes in Yixing, Jiangyin and Wuxi cities. The opening of the new supermarkets enhanced the Group “1+N” expansion strategy for the supermarket business, improved our logistics efficiency and so enhanced the quality of our products.

As of 31 December 2012, the Group had a total operational floor area of 650,000 sq. meters (2011: 543,000 sq. meters), in which 495,000 sq. meters (2011: 421,000 sq. meters) is operated by the department store business and 154,000 sq. meters (2011: 121,000 sq. meters) is operated by the supermarket business. An increase of 107,000 sq. meters in operation floor area was mainly due to two newly-opened department stores, six newly-opened supermarkets and the acquisition of a department store in Yangzhou.

On 13 March 2013, the Group entered into an agreement for acquiring the entire equity interest of Nanjing Yaohan Commerce & Trade Co. Ltd (Nanjing Yaohan Commerce & Trade). Nanjing Yaohan Commerce & Trade engaged in the operation of a department store, Nanjing Yaohan Store, in Nanjing, Jiangsu Province. Nanjing Yaohan Store has gross floor areas of 23,000 square meters and was opened in September 2008.

DEVELOPMENT STRATEGY

The Group increased the density of outlets in a city or a region by opening new stores to keep regional dominance. The Group maintained the condensed store opening strategy. Our footprint spread out to the northern part of the Yangtze River, Anhui Province and the northern part of Zhejiang Province prudently. In 2012, two department stores were newly-opened in Changxing, Zhejiang Province and Xuancheng, Anhui Province and six supermarkets newly-opened in the above cities and other regions in Jiangsu Province. The new stores opened in Changxing, Zhejiang Province and Xuancheng, Anhui Province successfully achieved the setting up of a supplier channel and logistic system outside the Jiangsu Province. In December 2012, the Group acquired a 51% equity interest in Yangzhou Fengxiang Commerce Co., Ltd. which operated a department store, Yangzhou Wanjiafu Commercial Building, in Yangzhou, Jiangsu Province. It led our stores network reach the northern part of Jiangsu Province.

Based on the remarkable achievement of Zhenjiang Yaohan Department store, the Group duplicated the successful model for shopping malls by taking advantage of dual format of department store and supermarket. Hence, shopping malls with Springland's character, i.e. large portion of the retail space is operated by the Group, has food & beverage, other entertainment functions and large parking area, and so attracted customers' attention for leisure and consumption.

On the basis of systematic operation and detailed execution, the Group developed the competitiveness of the department store and supermarket businesses. Total sales proceeds for the department store and supermarket businesses grew 14.1% and 11.1% year-on-year respectively. As an advocator for quality of living, Springland's department store created an enjoyable shopping experience for customers. In the supermarket business, we build core competitiveness on "food product" and focus on setting up an efficient refrigeration system for fresh products. We are concerned with the sufficiency, merchantability, freshness, health and safety of fresh products and plans to construct and build a fresh product and technology development center.

The Group is committed to carrying out corporate responsibly and aimed "from the society and for the society". We promoted environmental protection and actively practiced the company's environmental policy and mission. In 2012, the Group promoted a number of environmental and energy-saving measures to improve the energy efficiency in the stores. The outlets also launched a series of environmental care programs including exhibitions, a cycling race around Taihu Lake, tree planting activities, battery recycling and secondhand merchandise fair for a better society.

PROSPECTUS

The Chinese economy will still face challenges including the debilitated global economy, a deceleration of inbound investment and low consumer confidence in China that are reasons for the slowing growth rate and also the challenges in retail market. In order to maintain the profitability and market share, the Group continuously upgrades the existing stores and improves operating efficiency, gets the appropriate mix of merchandise and provides a high standard of services to meet customers' needs. Furthermore, the Group will fine tune our operational strategy and implement tight cost control to maintain competitiveness and profitability by meeting customers' needs well to keep the best return for shareholders.

FINANCIAL RESULTS

The Group achieved strong financial results for 2012 with both TSP, revenue and profit attributable to owners of the parent reaching record highs. The results are attributable to same store sales growth of department stores and the Group's continuous efforts in maximizing operational efficiency. However, the Group opened more new stores and faced intensified competition in the supermarket business. TSP of the supermarket business increased 11.1% year-on-year, while operating margins for the supermarket business dropped from 8.3% in 2011 to 7.9% in 2012.

TSP

	Year ended 31 December					
	2012			2011		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB million)			
Revenue (as reported)	**1,551.0**	**2,255.9**	**3,806.9**	1,568.4	2,033.4	3,601.8
Add/ (less)						
Provision of food and beverage services	**–**	**(15.4)**	**(15.4)**	–	(17.5)	(17.5)
Commission income from concessionaire sales	**(1,215.4)**	**(33.1)**	**(1,248.5)**	(1,050.9)	(28.4)	(1,079.3)
Gross revenue of concessionaire sales	**7,106.7**	**209.2**	**7,315.9**	6,004.8	186.9	6,191.7
TSP	**7,442.3**	**2,416.6**	**9,858.9**	6,522.3	2,174.4	8,696.7
Representing:						
Direct sales	**286.8**	**2,168.3**	**2,455.1**	471.1	1,956.1	2,427.2
Gross revenue of concessionaire sales	**7,106.7**	**209.2**	**7,315.9**	6,004.8	186.9	6,191.7
Rental income	**48.8**	**39.1**	**87.9**	46.4	31.4	77.8
TSP	**7,442.3**	**2,416.6**	**9,858.9**	6,522.3	2,174.4	8,696.7
Same Store sales growth	**8.8%**	**-1.0%**		25.4%	10.9%	

DEPARTMENT STORE BUSINESS:

TSP from the department store business grew to RMB7,442.3 million (2011: RMB6,522.3 million) was mainly attributable to same store sales growth of approximately 8.8%. Direct sales as a percentage of TSP from the department store business decreased from 7.2% to 3.9% while gross revenue of concessionaire sales as a percentage of TSP from the department stone business increased from 92.1% to 95.5% in 2012. The changes were primarily due to a change in the sales model for household and electronic appliances from direct sales to a concessionaire sales model.

TSP BY TOP FIVE STORES

With the increase in TSP contributions from younger stores, Wuxi Yaohan store's contribution to TSP of the department store business decreased from 22.9% to 21.5%. The five largest stores contributing to TSP were Wuxi Yaohan, Jiangyin Springland, Zhenjiang Yaohan, Yixing Springland and Liyang Yaohan and their aggregate contribution to TSP decreased from 69.3% to 65.7% for 2012.

TSP BY MERCHANDISE CATEGORIES

In 2012, fashion and apparel accounted for approximately 40.9% (2011: 41.1%); merchandise related to cosmetics accounted for approximately 4.6% (2011: 3.8%); watches, gold and jewelry accounted for approximately 23.5% (2011: 22.1%); footwear accounted for approximately 11.0% (2011: 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 20.0% (2011: 21.9%) of TSP of the department stores business.

COMMISSION RATE FROM CONCESSIONAIRE SALES AND COMPREHENSIVE GROSS MARGIN[3]

In 2012, the commission rate from concessionaire sales was 17.1%, representing a mild reduction of 0.4 percentage point from 17.5% in 2011. The decrease was mainly due to the increased contribution from low commission rate merchandise related to cosmetics, watches, gold and jewelry and the dilution effect on commission rates from concessionaire sales from newly-opened stores (which normally carry a lower commission rate). The Comprehensive Gross Margin was 20.7%, representing a mild growing of 0.2 percentage point from 20.5% in 2011. The growth resulted from improving operational efficiency in our regional network. The Group intended to improve the profitability by conducting periodic reviews and enhancing its merchandise mix to meet changing consumption demands.

SUPERMARKET BUSINESS:

In 2012, TSP of the supermarket business reached RMB2,416.6 million (2011: RMB2,174.4 million). Growth in TSP arose from proceeds from newly opened supermarkets. Increase number of store by the Group, intensified competition and economic slowdown in PRC resulted in a same store sales drop of approximately 1.0%.

TSP BY TOP FIVE STORES

The aggregate contribution to TSP generated from the supermarket business from the five largest stores decreased from approximately 52.4% to 45.7% for 2012. The proceeds from supermarkets opened in 2011 and 2012 (proceeds not included in calculating the same store sales growth) accounted for 17.1% of TSP for the supermarket business. These stores are expected to become a new driving force for the supermarket business of the Group.

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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.

TSP BY MERCHANDISE CATEGORIES

Fresh food accounted for approximately 35.7% (2011;34.5%), dry foods accounted for approximately 31.8% (2011:32.9%), non-food accounted for approximately 27.6% (2011:27.5%) and the remaining categories including rental income and others accounted for the remaining 4.9% (2011:5.1%) of the TSP of the supermarket business.

DIRECT SALES MARGIN AND COMPREHENSIVE GROSS MARGIN

Revenue from direct sales in the supermarket business increased to RMB2,168.3 million from RMB1,956.1 million, representing a rise of 10.8%. The direct sales margin stayed at 14.0% for 2012 (2011: 13.9%). The Comprehensive Gross Margin reached 24.5% for 2012 (2011: 23.7%). The Group intended to maintain the direct sales margin and Comprehensive Gross Margin stable and to attract foot traffic by maintaining a self-sufficient basis for fresh food and stepping up direct sourcing of fresh food products from original production sites throughout China.

Expenses

	Year ended 31 December									
	2012 (RMB million)					2011 (RMB million)				
	Department store business	**Super market business**	**Head quarter**	**Total**	**% of TSP**	Department store business	Supermarket business	Head quarter	Total	% of TSP
Staff costs	**223.0**	**186.0**	**73.7**	**482.7**	**4.9%**	201.1	158.3	70.2	429.6	5.0%
Depreciation and amortization	**193.9**	**56.0**	**4.3**	**254.2**	**2.6%**	171.8	45.4	3.4	220.6	2.5%
Rental expenses	**15.8**	**48.7**	**3.4**	**67.9**	**0.7%**	14.7	38.8	1.2	54.7	0.6%
Other expenses	**352.2**	**110.3**	**26.6**	**489.1**	**4.9%**	280.7	93.5	22.1	396.3	4.6%
Total expenses	**784.9**	**401.0**	**108.0**	**1,293.9**	**13.1%**	668.3	336.0	96.9	1101.2	12.7%

Expenses consisted of staff costs, depreciation and amortisation, rental expenses, other expenses. Other expenses mainly include utility expenses, advertising and promotion expenses, provision for uncollectible receivables regarding sales of prepaid cards, losses on disposal of property, plant and equipment, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax and government surcharges and other miscellaneous expenses..

Total expenses of the Group as a percentage of TSP increased marginally to approximately 13.1% for 2012 compared to 12.7% for 2011. Total expenses increased 17.5% to RMB1,293.9 million (2011: RMB 1,101.2 million) as we continued to expand the store networks and upgrade the shopping environment. Under inflationary pressure in the economy, the Group faced rising commercial rents, wages and overhead costs. However, the Group's department stores and supermarkets and sited in self-owned properties reached 84% and 35% of the gross floor areas respectively. The self-owned properties mitigated rental cost increases and maintained the operating leverage of the Group.

Fee Income from Suppliers and Operating Profit Margin

Fee income from suppliers increased to RMB439.2 million (2011: RMB354.7 million), fee income from suppliers as a percentage of TSP increased to approximately 4.5% for 2012 compared to 4.1% for 2011.

Operating profits for the Group (excluded interest and dividend income and unallocated gains, corporate and other unallocated expenses and finance costs) increased to approximately RMB948.3 million in 2012 from RMB848.3 million for the same period in 2011, representing a year-on-year increase of 11.8%. Operating profits for the department store business increased to approximately RMB757.0 million in 2012 from RMB668.3 million in 2011, representing a year-on-year increase of 13.3%. The operation margin as a percentage of TSP for the department store business stayed at 10.2% (2011: 10.2%). For the supermarket business, operating profits increased to approximately RMB191.3 million, representing a year-on-year increase of 6.3%. However the operating margin as a percentage of TSP for the supermarket business decreased to approximately 7.9% (2011: 8.3%). The decrease was due to pre-operation costs and higher operating costs contributed from the newly-opened supermarkets.

Other Income and Gains (excluding Fee Income from Suppliers)

This mainly comprised interest income and gains from the Group's surplus cash, including structured deposits which forms part of the Group's treasury functions.

Finance Costs

Finance costs included interest expenses on bank borrowings, which increased to RMB43.6 million in 2012. The increase was due to the increase in average bank borrowings for the year ended 31 December 2012. Interest expenses of RMB8.9 million (2011: RMB3.8 million) has been capitalized as property under development.

Profit before tax

In line with the increase in operating profit, profit before tax increased 11.0% to RMB922.0 million in 2012.

Income Tax Expenses

This mainly comprised PRC corporate income tax and a 5% withholding tax provided for the anticipated dividend distribution to the Company by its subsidiaries established in the PRC. The effective tax rate for 2012 was 28.8% (2011: 28.8%).

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent company increased to approximately RMB651.3 million for 2012 (2011: RMB580.5 million), representing year-on-year growth of approximately 12.2%.

FINANCIAL POSITION

Property, Plant and Equipment, Prepaid Land Premium and Long Term Prepayments

Property, plant and equipment, prepaid land premium and long term prepayments amounted to approximately RMB6,861.3 million (2011: RMB5,431.7 million) were assets which are held for the long-term and for the use in operation.

Capital expenditure of the Group during 2012 amounted to approximately RMB2,121.0 million (2011: RMB855.5 million). The amount represented contractual payments made for the acquisition of land use rights, buildings and construction of greenfield projects and store chain expansion.

Capital commitment as of 31 December 2012 amounted to RMB540.1 million (2011: RMB218.0 million), representing mainly capital works and construction at Yixing, Jiaxing and Anqing shopping malls.

Investment in Listed Shares

The Group currently own 4.5% minority interests in Wuxi Commercial Building Dadongfang Co., Ltd (無錫商業大廈大東方股份有限公司), who operated department stores in Wuxi City, Jiangsu Province and listed in the PRC.

FINANCING

The Company has been careful in using debt gearing to expand our business in accordance with our business strategy. At 31 December 2012, the Group's gearing ratio stayed at 42% (2011: 30%). The gearing ratio is 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.

As at 31 December 2012, the Group's interest-bearing debt ratio (interest bearing debt divided by total assets) was 14.0% (2011: 10.6%).

Over the past two years, we have actively diversified our funding sources, maintained strong long-term relations with lenders and investors and have spread out maturities to reduce refinancing risk. On December 2012, the Group initiated to issue short-term financing note with an aggregate principal amount of not exceeding RMB1.5 billion in the PRC and has applied with the relevant PRC authorities for approval for issuing such short-term financing note. Details refer to the Company's announcement "Underwriting Agreement relating to the Proposed Issue of Short-term Financing Notes by Jiangsu Springland in the PRC" dated 31 December 2012.

Liquidity, Cash and Borrowings

The Group relied 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 mainly denominated in USD and HK$.

As at 31 December 2012, the Group's cash and cash equivalents and structured deposits stood at approximately RMB1,539.3 million (2011: RMB2,138.9 million) and RMB710.0 million (2011:Nil) respectively, whereas the Group had short-term bank loans of RMB793.6 million (2011: RMB87.2 million).

Total assets of the Group as at 31 December 2012 amounted to approximately RMB10,381.5 million (2011: RMB8,752.9 million), whereas total liabilities amounted to approximately RMB5,670.9 million (2011: RMB4,593.0 million), resulting in a net assets position of RMB4,710.6 million (2011: RMB4,159.9 million).

Foreign Exchange and Interest Rate 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.

In relation to a portion of the bank loans, the Group has entered into interest rate swaps to hedge the Group's exposure against interest rate fluctuation and cross currency swaps to minimize the Group's exposure to exchange rate fluctuation.

As at 31 December 2012, the Directors considered the Group's foreign exchange risk to be insignificant. For the year ended 31 December 2012, the Group recorded net foreign exchange losses of approximately RMB2.4 million (2011: RMB2.3 million).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2012, the Group had no material contingent liabilities. Bank loans of RMB15 million of the Group as at 31 December 2012 are secured by the pledge of certain of the Group's property, plant and equipment with an aggregate net book value of RMB427,224,000.

EVENTS AFTER THE REPORTING PERIOD

On 13 March 2013, the Group through its wholly owned subsidiary Zhenjiang Yaohan Commerce & Trade Co., Ltd entered an agreement for acquiring the entire equity interest in Nanjing Yaohan Commerce & Trade Co. Ltd (Nanjing Yaohan Commerce & Trade) at nil consideration. Nanjing Yaohan Commerce & Trade engaged in operation of a department store, Nanjing Yaohan Store, in Nanjing, Jiangsu Province. Nanjing Yaohan Store has gross floor areas of 23,000 square meters and was opened in September 2008. Reference made to announcement "Connected Transaction – Acquisition of Nanjing Yaohan Commerce & Trade" dated 13 March 2013.

HUMAN RESOURCES

As at 31 December 2012, the Group employed a total of approximately 7,800 full-time employees, of which 3,320 served the department store business and 4,303 served the supermarket business (2011: 7,329 full-time employee, of which 3,161 served the department store business and 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 the duties, performance and length of service of each individual employee with reference to prevailing market conditions and is 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 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 year ended 31 December 2012.

CORPORATE GOVERNANCE PRACTICES

We are committed to compliance with statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Board 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 has complied with all 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 throughout the year ended 31 December 2012, except for the deviation on CG Code Provision A1.8. This requires that the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company has arranged such insurance since October 2012.

AUDIT COMMITTEE

An Audit Committee has been established by the Company and the principal duties of the Audit Committee include, but are not limited to, reviewing the Company's current financial information, discussing with the external 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 financial results for the year ended 31 December 2012 were 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 of all Directors and all Directors have confirmed compliance with the required standards set out in the Model Code for the year ended 31 December 2012.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting will be held on Tuesday, 2 May 2013 at Conference Room I, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong (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 HK12 cents per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 13 May 2013. Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting to be held on 2 May 2013, the final dividend will be paid on 24 May 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 April 2013 (Monday) to 2 May 2013 (Thursday) (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 Tuesday, 2 May 2013, all transfer 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 26 April 2013 (Friday).

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 2012 (if approved), the register of members of the Company will be closed from 9 May 2013 (Thursday) to 13 May 2013 (Monday) (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 2012 (if approved), all transfers document, 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 no later than 4:30 p.m. on Friday, 8 May 2013.

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 thank the Board for their great contribution. I would also send my gratitude to our shareholders, customers and business partners for their continuous support. I must express my sincere appreciation to all my colleagues whose dedication, ingenuity and hard work have been and will remain crucial to the Group's continuing success.

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

Hong Kong, 13 March 2013

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.