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 2013

Financial Highlights

	Six months ended 30 June		
	2013	2012	Growth
	(unaudited)	(unaudited)	
	RMB million	RMB million	
Total Sales Proceeds ("TSP")[1]	**5,800.5**	4,996.4	+16.1%
– department store[2]	***4,469.6***	*3,770.4*	*+18.5%*
– supermarket	***1,330.9***	*1,226.0*	*+8.5%*
Revenue	**2,111.8**	1,954.3	+8.1%
Profit before tax	**628.2**	552.0	+13.8%
Profit attributable to owners of the parent	**446.1**	391.4	+14.0%
Earnings per share-basic (RMB cents)	**18**	16	+14.0%
Net profit margin	**21.1%**	20.0%	

- **Total Sales Proceeds for the period recorded an increase of 16.1% and revenue reached an increase of 8.1%. Same store sales growth[3] for department store business at 10.6%.**
- **Profit attributable to owners of the parent was RMB 446.1 million, representing an increase of 14.0%.**

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.

- **Earnings per share was RMB 18 cents, which increased by 14.0% as compared to the same period last year.**
- **Net profit margin increased to 21.1%.**
- **Proposed interim dividend of HK10 cents per share.**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013, together with comparative figures for the previous year of 2012. 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 2013

		Six months ended 30 June	
	Notes	**2013**	2012
		(unaudited)	(unaudited)
		RMB'000	RMB'000
REVENUE	*4*	**2,111,823**	1,954,320
Other income and gains	*5*	**372,928**	295,086
Purchase of and changes in inventories		**(1,144,264)**	(1,077,289)
Staff costs		**(264,345)**	(225,483)
Depreciation and amortisation		**(158,196)**	(121,741)
Rental expenses		**(36,668)**	(33,353)
Other expenses		**(228,762)**	(221,447)
Finance costs		**(22,616)**	(17,421)
Share of losses of a jointly-controlled entity		**(1,734)**	(678)
PROFIT BEFORE TAX		**628,166**	551,994
Income tax expense	*6*	**(177,125)**	(156,174)
PROFIT FOR THE PERIOD		**451,041**	395,820
Attributable to:			
Owners of the parent		**446,071**	391,409
Non-controlling interests		**4,970**	4,411
		451,041	395,820
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**0.18**	0.16

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**451,041**	395,820
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value	**(18,255)**	**-**
Income tax effect	**4,563**	**-**
	(13,692)	**-**
Exchange differences on translation of foreign operations	**26,395**	(241)
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**12,703**	(241)
OTHER COMPERHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**12,703**	(241)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**463,744**	395,579
Attributable to:		
Owners of the parent	**458,774**	391,168
Non-controlling interests	**4,970**	4,411
	463,744	395,579

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Notes	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,881,923**	5,805,327
Prepaid land premiums		**877,355**	890,023
Other intangible assets		**42,944**	44,474
Goodwill		**206,494**	184,167
Investment in a jointly-controlled entity		**259,201**	260,935
Available-for-sale investments		**110,951**	108,765
Long-term prepayments		**147,535**	165,957
Deferred tax assets		**63,022**	54,918
Total non-current assets		**7,589,425**	7,514,566
CURRENT ASSETS			
Inventories		**230,753**	314,152
Trade receivables	9	**14,868**	8,610
Prepayments, deposits and other receivables		**360,647**	263,915
Structured deposits	10	**1,760,000**	710,000
Derivative financial instruments		**-**	276
Cash and cash equivalents	11	**1,346,235**	1,539,313
		3,712,503	2,836,266
Assets of a disposal group classified as held for sale		**30,738**	30,738
Total current assets		**3,743,241**	2,867,004
CURRENT LIABILITIES			
Short-term financing notes	12	**907,857**	-
Interest-bearing bank borrowings	13	**794,580**	793,619
Trade payables	14	**930,270**	1,110,973
Other payables and accruals		**2,011,239**	2,263,167
Derivative financial instruments		**-**	1,043
Tax payable		**76,366**	81,153
		4,720,312	4,249,955
Liabilities directly associated with the assets classified as held for sales		**3,107**	3,107
Total current liabilities		**4,723,419**	4,253,062
NET CURRENT LIABILITIES		**(980,178)**	(1,386,058)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,609,247**	6,128,508

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2013

	Notes	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	13	**925,010**	654,500
Long-term payables		**293,170**	291,045
Deferred tax liabilities		**467,577**	472,327
Total non-current liabilities		**1,685,757**	1,417,872
Net assets		**4,923,490**	4,710,636
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**21,589**	21,589
Reserves		**4,669,984**	4,214,219
Proposed final dividend	7	**-**	242,589
		4,691,573	4,478,397
Non-controlling interests		**231,917**	232,239
Total equity		**4,923,490**	4,710,636

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company 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 Octopus (China) Holdings 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 2013 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 2012.

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.

3. Operating segment information (continued)

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 short-term financing notes, 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.

The following tables presented revenue and profit information regarding the Group's operating segments for the six months period ended 30 June 2013 and 2012, respectively.

For the six months period ended 30 June 2013 (unaudited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	**874,419**	**1,237,404**	**2,111,823**
Segment results	**500,252**	**105,985**	**606,237**
Reconciliation:			
Interest income and unallocated gains			**104,402**
Corporate and other unallocated expenses			**(59,857)**
Finance costs			**(22,616)**
Profit before tax			**628,166**

3. Operating segment information (continued)

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

The following table presents segment assets of the Group's operating segments as at 30 June 2013 and 31 December 2012, respectively:

As at 30 June 2013 (unaudited)	Department store RMB'000	Supermarket RMB'000	Total RMB'000
Segment assets	**6,828,457**	**1,134,886**	**7,963,343**
Reconciliation:			
Corporate and other unallocated assets			**3,338,585**
Assets of a disposal group classified as held for sales			**30,738**
Total assets			**11,332,666**
Segment liabilities	**2,805,262**	**588,952**	**3,394,214**
Reconciliation:			
Corporate and other unallocated liabilities			**3,011,855**
Liabilities directly associated with the assets classified as held for sale			**3,107**
Total liabilities			**6,409,176**

3. Operating segment information (continued)

As at 31 December 2012 (audited)	Department store RMB'000	Supermarket RMB'000	Total RMB'000
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 sales			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

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 common control accounted for 10% or more of the Group's revenue for the six months period ended 30 June 2013 and 2012.

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	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Sales of goods - direct sales	**1,328,836**	1,267,334
Commission income from concessionaire sales (Note)	**725,515**	634,697
Total turnover	**2,054,351**	1,902,031
Rental income	**50,833**	43,759
Provision of food and beverage service	**6,639**	8,530
Total revenue	**2,111,823**	1,954,320

Note:

The commission income from concessionaire sales is analysed as follows:

	For the six months period ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	**4,420,796**	3,685,324
Commission income from concessionaire sales	**725,515**	634,697

5. Other income and gains

	For the six months period ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**267,434**	220,292
Interest income	**75,754**	11,954
Dividend income from available-for-sale listed investments	**1,894**	-
Subsidy income	**20,868**	17,243
Others	**6,211**	3,831
	372,161	253,320
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 trade	**-**	12,503
Derivative instruments - transactions not qualifying as hedges	**767**	-
	767	41,766
	372,928	295,086

6. Income tax

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

The Company is a tax-exempted company incorporated in the Cayman 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-month period ended 30 June 2012: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	For the six months period ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - PRC corporate income tax charge for the period	**189,979**	157,607
Deferred	**(12,854)**	(1,433)
Total tax charge for the period	**177,125**	156,174

7. Dividends

	For the six months period ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period:		
Final dividends for 2012: HK12 cents (2011: HK10 cents)	**242,589**	202,675
Dividends on ordinary share proposed (not recognized as a liabilities as at 30 June)		
Proposed interim dividend for 2013: HK10 cents (2012: HK 4 cents)	**198,780**	81,663

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 RMB446,071,000 (six months period ended 30 June 2012: RMB391,409,000) and the weighted average number of ordinary shares of 2,500,000,000 (six months period ended 30 June 2012: 2,500,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during these periods.

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. Structured deposits

	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
Structure deposits in licensed banks in the PRC, at amortised cost	**1,760,000**	710,000

These structured deposits have terms of less than one year and have expected annual rates of return up to 7.39% (31 December 2012: 5.2%). Pursuant to the underlying contracts or notices, these structured deposits are capital guaranteed upon the maturity date.

11. Cash and cash equivalents

	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
Cash and bank balances	**696,235**	1,026,477
Time deposits	**650,000**	512,836
Cash and cash equivalents	**1,346,235**	1,539,313

The Group's cash and cash equivalents at each reporting date are denominated in the following currencies:

	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
RMB	**1,241,814**	1,223,115
US$	**100,967**	315,612
HK$	**3,454**	586
Cash and cash equivalents	**1,346,235**	1,539,313

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 six months 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.

12. Short-term financing notes

On 29 March 2013, the Group issued its short-term financing notes at par value of RMB900 million in the national inter-bank market in the PRC. The nominal interest rate is 4.59% per annum and the effective interest rate is 5.01% per annum. The principal together with the interest thereon are paid upon maturity date of one year issuance.

13. Interest-bearing bank borrowings

	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
Bank loans:		
Secured	**-**	15,000
Unsecured	**1,719,590**	1,433,119
	1,719,590	1,448,119
Bank loans repayable:		
Within one year or on demand	**794,580**	793,619
Over one year but within two years	**925,010**	654,500
Total bank borrowings	**1,719,590**	1,448,119
Less: Portion classified as current liabilities	**(794,580)**	(793,619)
Long-term portion	**925,010**	654,500

The Group's bank loan bore effective interest rates from 2.12% to 6.0% per annum as at 30 June 2013 (31 December 2012: from 2.0% to 5.6%).

Certain of the bank loans 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.

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

	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
RMB	**1,000**	43,495
US$	**1,718,590**	1,149,222
HK$	**-**	255,402
	1,719,590	1,448,119

14. Trade payables

The trade payables are non-interest-bearing and are normally settled on 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 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
Within three months	**787,025**	995,173
Over three months but within six months	**79,050**	61,992
Over six months but within one year	**34,106**	23,664
Over one year	**30,089**	30,144
	930,270	1,110,973

15. Events after the interim reporting period

At a meeting held on 12 August 2013, the Directors declared an interim dividend of HK10 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

Since 2013, the growth rates of the economy and the consumption spending of China has decelerated in light of external factors beyond our control and domestic demand downturn caused by deliberate policies. For the first half of 2013, China's total retail of social consumer goods was RMB1.1 trillion, 12.7% higher than the same period last year. Per capita income of urban residents was RMB13,649, representing a YoY increase of 9.1%. Real growth after adjustment for inflation was 6.5%.

Despite the weaker domestic demand, the Company implemented aggressive sales strategies and a raft of stringent cost controlling measures. We stepped up our resources input to the regional retail chain business in Greater Yangtze River Delta to ensure steady growth of our retail business. During the reporting period, our total sales of goods were RMB5.8 billion, representing a YoY increase of 16.1%. Profit from operation was RMB606 million, representing a YoY increase of 11.0 %. The profit attributable to shareholders and the basic earnings per share for the first half of 2013 were RMB446.1 million and RMB18 cents respectively.

Business Review

Facing the challenging market conditions, the Group endeavored to stand out with its professionalism at its existing scale. With accumulated experience, the Group has evolved as a "dual-mode" retail operator covering supermarkets and department stores. Benefiting from the above, the Group ran its existing stores in a prudent way, and has increased its investment in service and technology in an effort to fully develop its sales potential. While we went on increasing the profit contribution from existing stores, we were striving to shorten the developing period of new stores to secure a sustainable profit growth for the Company.

Regarding department stores business, in order to continuously enhance the profitability, the Company has emphasized on the regular research and long-term development of several functions, namely planning revisions, marketing strategies and membership services. In the first half of 2013, the department store business unit has strengthened the capability of the planning department. We have, based on comprehensive market surveys, upgraded certain department stores and introduced various world-renowned brands into third-tier cities in a systematic and orderly manner so as to cope with the increasing demand from the local market. Our overall marketing initiatives for the period have been driven by the "Key Planning and Major Integration" approach. Leveraged on our profound understanding on consumer behavior and local preference, we launched promotion activities and a number of innovative sales campaigns timely, and succeeded in further strengthening its competitive advantages of our strategically differentiated operation. Membership services are the key elements for improving our operations. In the first half of 2013, our department stores introduced the "customer loyalty scheme", rewarding gold and diamond card members with luxurious value-added and prestigious membership services. We have established a member data analyzing system and customer segmentation grouping standards to allow differentiated marketing specific to each client group.

With respect to supermarket business, as a linkage connecting producers and customers, Datonghua has been endeavoring to hunt for and provide fresh, healthy and quality products. The Company insisted on purchasing directly from agricultural production bases, and also continued to identify new agricultural bases for procurement. We structured an operation flow featuring an order placement system, and also provided the producers with technical indicators, user guide of pesticides and fertilizers to maintain a high standard of product quality. Under the mechanism of "guaranteeing the quality of sources through tracing", production bases were promoted to the status of cooperation alliance for sustainable development, thus forming a healthy and green supply chain. As to stores, in order to ensure food safety, we have established comprehensive and standardized mechanisms covering facilities, equipment, personnel management and on-site operation. We have also arranged food safety seminars, sight tours to agricultural bases and fresh food processing workshops for customers to unveil our efforts on food safety.

Apart from the aforesaid conventional operation models, the Group has also increased the investment in new media operation and mobile information to appeal to the emerging era of retail business emphasizing the experience of consumption. The Group has developed social platforms on the Internet. Each chain store has opened its own Weibo and WeChat account while the Company has been actively engaged in Apps development. All these worked together with our official website and corporate section on the regional BBSs for efficient communication, and updates of the latest consumer information, news and promotion activities would also be posted from time to time. Direct communication has enabled us to establish a distinctive brand image for the Group by facilitating potential online customers to explore new aspects of personalized lifestyle in an interactive way. The Group also cooperated with third parties, such as banks, UnionPay and telecom operators. We gathered information of customer demand through co-branded cards from various sources and different dimensions. We also initiated to enable customers to complete payment procedures with their mobile devices, thus providing our customers with more payment options and a more flexible and friendly shopping environment.

In addition, the Company targeted at South Anhui, North Zhejiang and Jiangsu Province according to the established plan and also took a prudent view on all expanding projects with the principle of regional market prevalence. In the first half of the year, the Company opened two supermarkets and contracted for two new projects, further facilitating the "1+N" exploring mode. In April, the Company completed the acquisition of Nanjing Yaohan Department Store, which is a pilot deal for stores in provincial capital cities. As at 30 June 2013, the Company possessed 18 department stores and 29 supermarkets.

Outlook

Looking forward, the economic conditions will still be complex and challenging in the second half of 2013. Enterprises are not just threatened by the external environment where high growth rates may become unsustainable, they also have to face a number of challenges, including outflow of business to e-commerce, change of operation mode, higher capital investment for shopping mall technology and diversification of customer demand. However, private consumption, accounting for a relatively low percentage in the GDP of China, may turn out to be one of the rapidly recovered sectors in the future. With the increasing disposable income of urban residents, customers may be more demanding. Thus, they are increasingly willing to spend more on shopping, experiencing, lifestyle and cultural activities.

Given this tendency of customer behavior, the focus of the Group is shifting to shopping centers. Each of our stores will introduce more shopping mall elements and be more consumption-oriented, covering such mainstream consumption concepts as getting together, fine dining, information, entertainment and membership. Thus, we are integrating "one-stop entertainment" and "one-stop leisure" by introducing a wide range of cultural, entertaining, food and beverage and leisure projects. For the time being, the Group is developing Springland-styled shopping centers in Anqing (Anhui Province), East Yixing (Jiangsu Province) and Jiaxing (Zhejiang Province). In addition to existing department stores and supermarkets, the Group will try to bring in top domestic and foreign brands and services in order to introduce brand new shopping culture for the said areas. Apart from shopping, the Group will also present the market with fine Chinese and western restaurants, positioning its shopping malls as the hot spots for shopping, leisure, dining, entertainment and culture.

As for the new development of target areas, project selection and detail planning will be of equal importance to the Group. We will spare no effort to develop excellent shopping centers with our accumulated expertise in planning, designing, construction, promoting investment, opening new stores and operation management. With the diligent work of our competent team, I am confident in realizing the strategic development goals of the Group.

FINANCIAL REVIEW

TSP and Revenue

For the six months period ended 30 June 2013, TSP of the Group increased to RMB5,800.5 million, representing an increase of 16.1% as compared to the same period in 2012. TSP are generated from both the department store and supermarket business. TSP of the department store and supermarket businesses increased to RMB4,469.6 million and RMB1,330.9 million respectively, representing an increase of approximately 18.5% and 8.5% respectively from the same period in 2012.

	For the six months ended 30 June					
	2013			2012		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB'million)			
Revenue	**874.4**	**1,237.4**	**2,111.8**	806.8	1,147.5	1,954.3
Add/ (less)						
Provision of food and beverage services	–	**(6.6)**	**(6.6)**	–	(8.5)	(8.5)
Commission income from concessionaire sales	**(705.6)**	**(19.9)**	**(725.5)**	(618.5)	(16.2)	(634.7)
Gross revenue of concessionaire sales	**4,300.8**	**120.0**	**4,420.8**	3,582.1	103.2	3,685.3
TSP	**4,469.6**	**1,330.9**	**5,800.5**	3,770.4	1,226.0	4,996.4
Representing:						
Direct sales	**139.3**	**1,189.6**	**1,328.9**	163.3	1,104.0	1,267.3
Gross revenue of concessionaire sales	**4,300.8**	**120.0**	**4,420.8**	3,582.1	103.2	3,685.3
Rental income	**29.5**	**21.3**	**50.8**	25.0	18.8	43.8
TSP	**4,469.6**	**1,330.9**	**5,800.5**	3,770.4	1,226.0	4,996.4
Same Store sales growth	**10.6%**	**-3.1%**		12.1%	1.0%	

For the six months period ended 30 June 2013, the revenue of the Group amounted to RMB2,111.8 million, representing an increase of 8.1% as compared to the same period last year. Revenue from the department store business increased to approximately RMB874.4 million, representing an increase of 8.4% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB1,237.4 million, representing an increase of 7.8% as compared to the same period last year. The grew in revenue of the department store business was due to the increase in commission income from concessionaire sales.

Department Store Business:

For the six months period ended 30 June 2013, TSP from the department store business grew to RMB4,469.6 million and was mainly attributable to same store sales growth of approximately 10.6%. During the period under review, concessionaire sales contributed approximately 96.2% (2012: 95.0%) to TSP in respect of the department store business. Direct sales accounted for approximately 3.1% (2012: 4.3%) of TSP of the department store business.

TSP by Top Five Stores

TSP derived from Wuxi Yaohan Department Store, as a percentage of TSP of the department store business, decreased to 18.4% for the six months period ended 30 June 2013 from 20.8% for the same period in 2012. The aggregate contribution to TSP from the five largest stores decreased from approximately 66.5% to 60.9% in the same comparable period. Newly-opened stores are expected to become the new driving force for the department store business and the Group’s sales growth.

TSP by Merchandise Categories

The proportion of sales proceeds of department stores from various merchandise categories for the six months period ended 30 June 2013 are as follows: Fashion and apparel accounted for approximately 38.9% (2012: 40.9%); merchandise related to cosmetics and accessories accounted for approximately 32.7% (2012: 28.4%); footwear accounted for approximately 10.2% (2012: 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 18.2% (2012: 19.6%).

Commission Rate from Concessionaire Sales and Comprehensive Gross Margin[4]

For the six months period ended 30 June 2013, the commission rate from concessionaire sales was 16.4%, representing a reduction of 0.9 percentage point from 17.3% of the same period in 2012. The decrease was mainly due to combine of the increased contribution from merchandise related to cosmetics, 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 was approximately 20.3% for the six months period ended 30 June 2013, representing a drop 0.6 percentage point from 20.9% for the same period last year. The drop was due to the reduction of commission rate from concessionaire sales.

[4] Comprehensive Gross Margin = comprehensive gross profit / TSP. Comprehensive gross profit = gross profit of direct sales + commission income from concessionaire sales + rental income + other income (services fee collected from concessionaires and suppliers)

Supermarket Business:

For the six months period ended 30 June 2013, TSP of supermarket business reached RMB1,330.9 million and the grew was mainly attributable to new stores. During the period under review, direct sales contributed approximately 89.4% (2012: 90.0%) and concessionaires sales accounted for approximately 9.0% (2012: 8.4%) of TSP of the supermarket business.

TSP by Top Five Stores
The aggregate contribution to TSP generated from the five largest supermarkets decreased to 41.5% for the six months period ended 30 June 2013 from approximately 48.1% for the same period in 2012. The new supermarkets accounted for 13.6% of TSP for the supermarket business for the six months period ended 30 June 2013.

TSP by Merchandise Categories
The proportion of sales proceeds of supermarkets from various merchandise categories for the six months period ended 30 June 2013 are as follow: Fresh food accounted for approximately 36.2% (2012: 33.8%); dry foods accounted for approximately 33.0% (2012: 34.2%), non-food accounted for approximately 26.2% (2012: 27.0%), and the remaining categories, including rental income and others, accounted for the remaining 4.6% (2012: 5.0%).

Direct Sales Margin and Comprehensive Gross Margin
Gross margin from direct sales for supermarket business was approximately 13.7% for the six months period ended 30 June 2013, representing an decrease of 1.3 percentage point as compared to 15.0% for the same period in 2012. During the period under review, Comprehensive Gross Margin was 24.5% (2012: 25.4%). The Group intends to keep gross margin from direct sales and its Comprehensive Gross Margin stable by expanse the sales contributions from fresh food products, increase food quality and reduce wastage by invest in equipment and technical input.

Purchases of and changes in inventories

Purchases of and changes in inventories represented the cost of merchandise that we purchased from suppliers for resale under the direct sales business model. For the six months period ended 30 June 2013, purchases of and change in inventories increased to approximately RMB1,144.3 million, representing an increase of 6.2% as compared to the same period last year. The growth was generally in line with the increase of direct sales.

Expenses

Expenses consisted of staff costs, depreciation and amortisation, rental and other expenses. Other expenses mainly include utility expenses, advertising and promotion expenses, 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 decreased to approximately 11.9% for the six months period ended 30 June 2013 from 12.0% for the same period last year. During the period under review, total expenses increased by 14.3% to RMB688.0 million (2012: RMB602.0 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 are sited in self-owned properties reached 81.0% and 33.1% of the gross floor areas respectively. The self-owned properties mitigated rental cost increases and maintained the operating leverage of the Group.

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 promotion activities, reimbursing electricity charge and material, etc. Other non-operating income included Government subsidy income, interest income and gains from the Group's surplus cash, including structured deposits, which form parts of the Group's treasury functions.

Other operating income increased to RMB268.5 million (2012: RMB220.3 million), other operating income as a percentage of TSP increased to approximately 4.6% for the six months period ended 30 June 2013 from 4.4% for the same period in last year.

Finance costs

Total interest expenses increased by approximately 29.8% to RMB22.6 million during the six months ended 30 June 2013 compared with the corresponding period last year. The increase was due to the increase of short-term financing notes and long-term borrowings during the period. During the period under review, approximately RMB12.9 million of the interest expenses has been capitalized as property under development.

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 for the Group (excluded interest and unallocated gains, corporate and other unallocated expenses and finance costs) increased by approximately 11.0% to approximately RMB606.2 million for the six months period ended 30 June 2013 as compared with the corresponding period last year. Profit from operations for the department store business increased by approximately 17.3% to approximately RMB500.2 million. Operation margin as a percentage of TSP for department stores maintained at approximately 11.2% (2012: 11.3%). For the supermarket business, profit from operations decreased by approximately 11.4% to approximately RMB106.0 million and operating margin as a percentage of TSP decreased to approximately 8.0%, representing a drop of 1.8 percentage point from 9.8% for the same period last year.

Profit before tax

Profit before tax reached RMB628.2 million for the six months period ended 30 June 2013, representing an increase of 13.8% from the same period last year. 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 RMB446.1 million for the six months period ended 30 June 2013, representing a growth of approximately 14.0% from the same period in 2012. During the period under review, the net profit margin in term of TSP kept at 7.7% (2012: 7.8%) and the net profit margin in term of revenue increased to approximately 21.1% (2012: 20.0%).

Profit for the period reached RMB451.0 million for the six months period ended 30 June 2013 (30 June 2012: RMB395.8 million). During the period under review, basic earnings per share was RMB18 cents.

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 USD.

As at 30 June 2013, the Group's cash and cash equivalents and structured deposits stood at approximately RMB1,346.2 million (31 December 2012: RMB1,539.3 million) and RMB1,760.0 million (31 December 2012: RMB710.0 million) respectively; whereas the Group had short-term financing notes and bank loan of total RMB1,702.4 million (31 December 2012: RMB793.6 million).

Total assets of the Group as at 30 June 2013 amounted to approximately RMB11,332.7 million (31 December 2012: RMB10,381.5 million), whereas total liabilities amounted to approximately RMB6,409.2 million (31 December 2012: RMB5,670.9 million), resulting in a net asset position of RMB4,923.5 million (31 December 2012: RMB4,710.6 million).

The Company has been careful in using debt gearing to expand our business in accordance with our business strategy. At 30 June 2013, the Group's gearing ratio stayed at 47% (31 December 2012: 42%). The gearing ratio is calculated by net debt (including short-term financing notes, 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 30 June 2013, the Group owned 5.6% 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 on The Shanghai Stock Exchange. The above investment is disclosed in available-for-sale investments in interim condensed consolidated statement of financial position.

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. As at 30 June 2013, the Directors considered the Group's foreign exchange risk to be insignificant.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2013, the Group had no material contingent liabilities. As at 31 December 2012, Bank loans of RMB15 million of the Group 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.

HUMAN RESOURCES

As at 30 June 2013, the Group employed a total of approximately 8,574 full-time employees, of which 3,536 served the department store business and of which 4,872 served the supermarket business (31 December 2012: 7,800 full-time employee, of which 3,320 served the department store business and of which 4,303 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 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. As at 30 June 2013, no share option was granted by the Group under the share option scheme.

CONNECTED TRANACTION

In April 2013, the Group acquired 100% equity interest in Nanjing Yaohan Commerce & Trade Co., Ltd. 南京八佰伴商貿有限公司("Nanjing Yaohan") from Wuxi Yinian Investment Management Co., Ltd 無錫億年投資管理有限公司 ("Wuxi Yinian"). Wuxi Yinian is owned as to 90% by a relative of Mr. Chen Jianqiang, a controlling shareholder of the Company and one of the executive Directors. Wuxi Yinian is deemed as a connected person of the Company. Nanjing Yaohan is engaged in operation of department store and it holds and operates a department store Nanjing Yaohan Store, in Nanjing, Jiangsu Province. The acquisition will enhance the Company's scale of operations and will further strengthen the Company's market position in Jiangsu Province. The consideration for the acquisition of the entire equity interest in Nanjing Yaohan is zero.

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 throughout the six months ended 30 June 2013.

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 2013.

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 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public.

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 2013.

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 with appropriate professional qualification or accounting or related financial management expertise as required under rule 3.10(2) of the Listing Rules. The Audit Committee consists of three Independent Non-executive Directors, being Dr. Lin Zhijun (chairman), Dr. Zhang Weijong and Mr. Wang Shuaiting.

INTERIM DIVIDEND

The Board proposed to pay an interim dividend of HK10 cents per ordinary share of the Company for the six months ended 30 June 2013 to shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on 2 September 2013, It is expected that the interim dividend will be paid on or about 13 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 August 2013 to 2 September 2013 (both days inclusive) during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend (if approved), 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 28 August 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 interim report for the six months period ended 30 June 2013 will be dispatched to shareholders of the Company and published on the above mentioned websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to pay tribute to all the Directors, senior management and staff for their invaluable contribution to the Group. Meanwhile, my gratitude also goes to all the shareholders and business partners, who always care about and support our Group.

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

Hong Kong, 12 August 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.