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 2013

## HIGHLIGHTS OF FINAL RESULTS

- **Total Sales Proceeds ("TSP") [1] increased to RMB11,135 million, representing a year-on-year growth of 12.9%; TSP from the department store business increased to RMB8,470 million, representing a year-on-year growth of 13.8% and TSP from the supermarket business increased to RMB2,665 million, representing a year-on-year growth of 10.3%**
- **Same store sales growth [2] for department store business and supermarket business remains at 7.1% and -0.9% respectively**
- **Profit attributable to owners of the parent was RMB730 million, representing a year-on-year increase of 12.1 %**
- **Earnings per share was RMB 29 cents**
- **Proposed final dividend of HK 8.5 cents per share**

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.

## FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 2013, together with comparative figures for the previous year of 2012 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|---|
| **REVENUE** | 4 | 4,161,600 | 3,806,888 |
| Other income and gains | 5 | 708,795 | 566,381 |
| Purchase of and changes in inventories | | (2,310,047) | (2,111,871) |
| Staff costs | | (573,236) | (482,678) |
| Depreciation and amortisation | | (317,375) | (254,207) |
| Rental expenses | | (80,842) | (67,959) |
| Other expenses | 6 | (494,124) | (489,098) |
| Finance costs | 7 | (55,998) | (43,550) |
| Share of loss of a joint venture | | ( 3,658) | (1,889) |
| **PROFIT BEFORE TAX** | | 1,035,115 | 922,017 |
| Income tax expense | 8 | ( 298,542) | (265,758) |
| **PROFIT FOR THE YEAR** | | 736,573 | 656,259 |
| Attributable to: | | | |
| Owners of the parent | | 730,356 | 651,285 |
| Non-controlling interests | | 6,217 | 4,974 |
| | | 736,573 | 656,259 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted (RMB) | 10 | 0.29 | 0.26 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2013

| | 2013<br>RMB'000 | 2012<br>RMB'000 |
|---|---|---|
| **PROFIT FOR THE YEAR** | 736,573 | 656,259 |
| **OTHER COMPREHENSIVE INCOME** | | |
| *Other comprehensive income to be reclassified to profit or loss in subsequent periods:* | | |
| Available-for-sale investments: | | |
| Changes in fair value | 17,039 | (18,831) |
| Income tax effect | (4,260) | 4,708 |
| | 12,779 | (14,123) |
| Exchange differences on translation of foreign operations | 22,064 | 8,356 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | 34,843 | (5,767) |
| **OTHER COMPEHENSIVE INCOME FOR THE YEAR, NET OF TAX** | 34,843 | (5,767) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 771,416 | 650,492 |
| Attributable to: | | |
| Owners of the parent | 765,199 | 645,518 |
| Non-controlling interests | 6,217 | 4,974 |
| | 771,416 | 650,492 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AT 31 DECEMBER 2013**

| | Notes | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | 6,131,606 | 5,805,327 |
| Prepaid land premiums | | 899,433 | 890,023 |
| Other intangible assets | | 41,412 | 44,474 |
| Goodwill | | 206,494 | 184,167 |
| Investment in a joint venture | | 257,277 | 260,935 |
| Investment in an associate | | 45,166 | - |
| Available-for-sale investments | | 146,244 | 108,765 |
| Long-term prepayments | | 181,725 | 165,957 |
| Deferred tax assets | | 49,546 | 54,918 |
| Restricted cash | 12 | 154,445 | - |
| Long-term time deposits at bank | 12 | 121,460 | - |
| Total non-current assets | | 8,234,808 | 7,514,566 |
| **CURRENT ASSETS** | | | |
| Inventories | | 383,383 | 314,152 |
| Trade receivables | 11 | 13,026 | 8,610 |
| Prepayments, deposits and other receivables | | 283,225 | 263,915 |
| Derivative financial instruments | | - | 276 |
| Available-for-sale investments | | 14,000 | - |
| Structured deposits | | 1,887,000 | 710,000 |
| Restricted cash | 12 | 400,000 | - |
| Cash and cash equivalents | 12 | 891,923 | 1,539,313 |
| | | 3,872,557 | 2,836,266 |
| Assets of a disposal group classified as held for sale | | 24,738 | 30,738 |
| Total current assets | | 3,897,295 | 2,867,004 |
| **CURRENT LIABILITIES** | | | |
| Short-term financing notes | 13 | 930,353 | - |
| Interest-bearing bank borrowings | | 941,268 | 793,619 |
| Trade payables | 14 | 1,162,799 | 1,110,973 |
| Other payables and accruals | | 2,228,790 | 2,263,167 |
| Derivative financial instruments | | - | 1,043 |
| Tax payable | | 78,102 | 81,153 |
| | | 5,341,312 | 4,249,955 |
| Liabilities directly associated with the assets classified as held for sale | | 3,107 | 3,107 |
| Total current liabilities | | 5,344,419 | 4,253,062 |
| **NET CURRENT LIABILITIES** | | (1,477,124) | (1,386,058) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 6,787,684 | 6,128,508 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AT 31 DECEMBER 2013**

| | Notes | 2013<br>RMB'000 | 2012<br>RMB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank borrowings | | 992,212 | 654,500 |
| Long-term payables | | 300,329 | 291,045 |
| Deferred tax liabilities | | 469,259 | 472,327 |
| Total non-current liabilities | | 1,761,800 | 1,417,872 |
| Net assets | | 5,025,884 | 4,710,636 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Issued capital | 15 | 21,572 | 21,589 |
| Reserves | | 4,607,365 | 4,214,219 |
| Proposed final dividend | 9 | 167,235 | 242,589 |
| | | 4,796,172 | 4,478,397 |
| **Non-controlling interests** | | 229,712 | 232,239 |
| Total equity | | 5,025,884 | 4,710,636 |

## 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 Octopus Holdings Foundation, a company incorporated in the Cayman Islands.

### 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 this 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 2013 | Department store RMB'000 | Supermarket RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment revenue** | | | |
| Sales to external customers | 1,684,491 | 2,477,109 | 4,161,600 |
| **Segment results** | 874,023 | 151,714 | 1,025,737 |
| *Reconciliation:* | | | |
| Interest and dividend income and unallocated gains | | | 188,368 |
| Corporate and other unallocated expenses | | | (122,992) |
| Finance costs | | | (55,998) |
| Profit before tax | | | 1,035,115 |
| **Segment assets** | 7,119,807 | 1,275,090 | 8,394,897 |
| *Reconciliation:* | | | |
| Corporate and other unallocated assets | | | 3,712,468 |
| Assets of a disposal group classified as held for sale | | | 24,738 |
| Total assets | | | 12,132,103 |
| **Segment liabilities** | 2,879,737 | 641,432 | 3,521,169 |
| *Reconciliation:* | | | |
| Corporate and other unallocated liabilities | | | 3,581,943 |
| Liabilities directly associated with the assets classified as held for sale | | | 3,107 |
| Total liabilities | | | 7,106,619 |
| **Other segment information** | | | |
| Share of loss of a joint venture | 3,658 | - | 3,658 |
| Depreciation and amortisation | 247,352 | 65,943 | 313,295 |
| Corporate and other unallocated amounts | | | 4,080 |
| Total depreciation and amortisation | | | 317,375 |
| Investment in a joint venture | 302,443 | - | 302,443 |
| Capital expenditure | 568,262 | 106,542 | 674,804 |
| Corporate and other unallocated amounts | | | 3,015 |
| Total capital expenditure* | | | 677,819 |
| Write-back of provision for slow-moving inventories | (880) | (419) | (1,299) |

## 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 loss of a joint venture | 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 joint venture | 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 | 2,445 |

* Capital expenditure consists of additions to property, plant and equipment, prepaid land premiums and other intangible assets including assets from the acquisition of subsidiaries.

## 3. Operating segment information (continued)

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:

| | 2013<br>RMB’000 | 2012<br>RMB’000 |
|---|---|---|
| Sales of goods - direct sales | 2,656,809 | 2,455,051 |
| Commission income from concessionaire sales (Note) | 1,386,741 | 1,248,509 |
| **Total turnover** | 4,043,550 | 3,703,560 |
| Rental income | 105,500 | 87,893 |
| Provision of food and beverage service | 12,550 | 15,435 |
| **Total revenue** | 4,161,600 | 3,806,888 |

Note:

The commission income from concessionaire sales is analysed as follows:

| | 2013<br>RMB’000 | 2012<br>RMB’000 |
|---|---|---|
| Gross revenue from concessionaire sales | 8,373,147 | 7,315,961 |
| Commission income from concessionaire sales | 1,386,741 | 1,248,509 |

## 5. Other income and gains

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| Other income | | |
| Fee income from suppliers | 516,590 | 439,213 |
| Interest income | 122,718 | 103,863 |
| Dividend income from available-for-sale listed investments | 1,894 | - |
| Subsidy income | 26,506 | 18,487 |
| Others | 12,668 | 4,496 |
| | 680,376 | 566,059 |
| Gains | | |
| Foreign exchange difference, net | 25,992 | - |
| Gains on disposal of unquoted investment stated at cost | 1,672 | - |
| Fair value gains, net: | | |
| Investments at fair value through profit or loss -held for trading | - | 322 |
| Derivative instruments - transactions not qualifying as hedges | 755 | - |
| | 28,419 | 322 |
| | 708,795 | 566,381 |

## 6. 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, government surcharges and other miscellaneous expenses.

## 7. Finance costs

An analysis of finance costs is as follows:

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| Interest on short-term financing notes | 33,953 | - |
| Interest on bank borrowings wholly repayable within five years | 51,081 | 52,456 |
| Less: Interest capitalised | (29,036) | (8,906) |
| | 55,998 | 43,550 |

## 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.

Under the People's Republic of China (the "PRC") Corporate Income Tax Law (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% (2012: 25%) on the assessable profits of the subsidiaries of the Group established in Mainland China (the "PRC Subsidiaries").

| | 2013<br>RMB'000 | 2012<br>RMB'000 |
|---|---|---|
| Current - PRC corporate income tax charge for the year | 277,809 | 267,203 |
| Deferred | 20,733 | (1,445) |
| Total tax charge for the year | 298,542 | 265,758 |

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:

| | 2013<br>RMB'000 | 2012<br>RMB'000 |
|---|---|---|
| Profit before tax | 1,035,115 | 922,017 |
| Tax at the statutory tax rate of 25% (2012: 25%) | 258,779 | 230,504 |
| Expenses not deductible for tax | 6,001 | 19,685 |
| Loss attributable to a joint venture | 915 | 472 |
| Effect of withholding tax on the distributable profits of the PRC Subsidiaries | 16,613 | 15,097 |
| Tax losses not recognised | 16,234 | - |
| Tax charge at the Group's effective rate | 298,542 | 265,758 |

The share of tax credit attributable to a joint venture amounting to RMB1,219,000 (2012: RMB543,000) is included in "Share of loss of a joint venture" in the consolidated statement of profit or loss.

## 9. Dividends

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| Interim – HK 10 cents (2012: HK 4 cents) per ordinary share | 198,780 | 81,663 |
| Proposed final – HK 8.5 cents (2012: HK 12 cents) per ordinary share | 167,235 | 242,589 |
| | 366,015 | 324,252 |

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 for the year attributable to ordinary equity holders of the parent of RMB730,356,000 (2012: RMB651,285,000), and the weighted average number of ordinary shares of 2,499,847,238 (2012: 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 is either past due or impaired.

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

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| Within one month | 13,026 | 8,610 |

## 12. Cash and cash equivalents and restricted cash

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| Cash and bank balances | 436,361 | 1,026,477 |
| Time deposits | 1,131,467 | 512,836 |
| | 1,567,828 | 1,539,313 |
| Less: Restricted cash with maturity date within one year | (400,000) | - |
| Restricted cash with maturity date over one year | (154,445) | - |
| Long-term time deposits at bank | (121,460) | - |
| Cash and cash equivalents | 891,923 | 1,539,313 |

The Group's cash and bank balances and time deposits at each reporting date are denominated in the following currencies:

| | 2013 RMB'000 | 2012 RMB'000 |
|---|---|---|
| RMB | 1,453,223 | 1,223,115 |
| US$ | 45,678 | 315,612 |
| HK$ | 68,927 | 586 |
| | 1,567,828 | 1,539,313 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three month and five years depending on the immediate cash requirements of the Group, and earn interest at the respective 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.

## 13. 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 from issuance.

## 14. Trade payables

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

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

| | 2013<br>RMB'000 | 2012<br>RMB'000 |
|---|---|---|
| Within three months | 1,022,658 | 995,173 |
| Over three months but within six months | 64,100 | 61,992 |
| Over six months but within one year | 34,164 | 23,664 |
| Over one year | 41,877 | 30,144 |
| | 1,162,799 | 1,110,973 |

## 15. Issued capital

*Authorised*

| | No. of shares at HK$0.01 each<br>2013<br>Thousands | No. of shares at HK$0.01 each<br>2012<br>Thousands |
|---|---|---|
| Ordinary shares | 10,000,000 | 10,000,000 |

*Ordinary shares issued and fully paid*

| | No. of shares at HK$0.01 each<br>Thousands | RMB'000 |
|---|---|---|
| As at 1 January 2012 and 1 January 2013 | 2,500,000 | 21,589 |
| Shares repurchased and cancelled | (2,104) | (17) |
| As at 31 December 2013 | 2,497,896 | 21,572 |

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

| Month of repurchase | No. of shares at HK$0.01 each<br>Thousands | Price Per Share<br>Highest<br>HK$ | <br>Lowest<br>HK$ | Aggregate consideration<br>HK$'000 |
|---|---|---|---|---|
| For the year ended 31 December 2013 | | | | |
| November 2013 | 450 | 3.98 | 3.94 | 1,784 |
| December 2013 | 1,654 | 3.95 | 3.87 | 6,463 |
| | | | | 8,247 |

## 15. Issued capital (continued)

The repurchased shares were subsequently cancelled and accordingly the issued share capital of the Company was reduced by the relevant nominal value thereof. The nominal value of approximately RMB17,000 (2012: Nil) of the shares cancelled during the year was credited to issued capital account, and the premium paid or payable and the related costs incurred for the repurchase of approximately RMB6,485,000 (2012: Nil) was charged against share premium account of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *BUSINESS REVIEW*

During 2013, the Euro zone showed a recovery from the debt crisis and the employment and real estate markets in the US have also made significant improvement. China, as the world's second largest economy, registered a moderate increase of 7.7% in gross domestic product ("GDP"), which was higher than the government target of 7.5% even if it is the lowest one since 1999. Chinese government launched a series of reform measures to stimulate the domestic consumption and boost its economy. Meanwhile, it also adopted relatively stringent regulatory measures towards the real estate and credit market and strived to fight against corruption. In the long run, these policies and measures are helpful to stabilize the retail markets to a certain extent. In 2013, the total retail sales of consumer goods in China recorded an increase of 13.1% when compared with 2012, which was lower than the growth rate of 14.3% recorded in 2012. As compared with the transformation in the development pattern of China's economy, new technologies have affected the consumer behaviours in China substantially and exerted pressure on the business model of traditional retail businesses, which spells out the necessity of reform. Amidst the intense competition between retailers, we can see that only the strong survives, and China's consumers have become smarter and picky for premium products and services with more affordable price. With this regard, the retailers are working out timely strategies to accommodate to the ever-changing business environment.

Amidst a mediocre business environment and challenging market conditions, the Group maintained an approach of prudent development and precise operation for its business and succeeded in delivering continual growth accordingly. Each segment of the Group's business has recorded satisfactory progress, thereby laying a solid ground for the Group's sustainable development in future. In 2013, the total sales proceeds of the Group increased by 12.9% to RMB11.1 billion as compared with the previous year. The profit attributable to owners of the parent rose to RMB 730 million by 12.1% as compared with previous year and the basic earnings per share also increased to RMB 29 cents. The Board proposed a final dividend of HK$8.5 cents per share for the year ended 31 December 2013. The financial performance and the benchmark figures showed the Group has been on the path of steady growth.

## *DEVELOPMENT STRATEGY*

In 2013, the Group's operation focused on reinforcing the interaction between the corporation and consumers and building a trustworthy connection between both sides. In this regard, the Group highlighted the experiential consumption concept in the stores, intensified the consolidation of regional resources and enhanced the efficiency of stores in the interactive sales and marketing module. Regarding themed and large scale activities, the Group particularly endeavored to make ready and promote the concepts of "interactive decoration" , "interaction with branding effect", and "interaction with district/business circle effect" in a pattern comparable to "shopping mall", for the sake of providing the customers with brand new shopping experience. The Group made a breakthrough in new media communication in 2013. Firstly, all of the Group's stores have been fully covered by WIFI so as to help us gradually implement the precise sales and marketing strategy supported by "Big Data". Secondly, the usage of applications like Weibo, WeChat, QR codes and "Mobile Yaohan" facilitated the interaction and communication with consumers. Thirdly, certain themed and festival microfilms have been succeeded in promoting the interaction and communication amongst local consumers, and indoctrinating the passion and character of the brands to consumers. Meanwhile, the sales on the three main festival days of Springland still brought about enormous contribution.

In 2013, sales of fresh food and membership sales have been the main factor curbing the drop of sales of supermarkets, which even brought up the growth rate of same store sales. For sales of fresh food, the Group further uplifted the ratio of direct procurement and kept identifying and developing agricultural production bases for Datonghua Supermarket, built up an extensive and nationwide long-and-short-haul procurement system and set up a long-term, stable and harmonious production-and-sales connection with peasants, aiming at building an agricultural-supermarket connection for agricultural products straight from the field to supermarkets. For membership sales, the Group managed to enhance the privileges offered to the Group's core membership, and also introduced the weekly Thanksgiving Day starting from the second quarter which brought about a sustainable and reliable growth in membership sales.

In order to capitalize on the efforts on optimizing the Group's store portfolio, upgrading the store image and the improving the operation efficiency, the Group has also completed corresponding improvement works in Yixing (Hexin) Springland, Changshu Springland, Jiangyin Springland and Nanjing Yaohan in 2013. The Group will also kick off the follow-up upgrading works in Yixing Springland, Changshu Springland and Jiangyin Springland in 2014. The management strongly believes that the above projects will be able to enhance the competitiveness and profitability of the stores.

Regarding store expansion, the Group will continue to pay close attention to develop new stores capable of providing quality services and valuable products within the Group's strategic districts according to its 3-year expansion plan. The Group will make use of the competitive edges accumulated in the existing scope of business on one hand and increase the number of stores in a prudent way on the other hand. In 2013, the Group has opened four new supermarkets in Taixing, Wuxi and Jiangyin cities, Jiangsu Province and entered into agreements in respect of the shopping mall project in Xishan, Wuxi city and three new supermarkets in Nantong, Zhenjiang and Yixing cities, Jiangsu Province respectively. Among the projects mentioned above, the Xishan shopping mall project will become a major and yet critical attempt for the Group in the development of new shopping malls.

***NEW STORE OPENINGS AND NETWORK EXPANSION***

In April 2013, the Group acquired the entire equity interest of Nanjing Yaohan Commerce & Trade Co. Ltd. Nanjing Yaohan Commerce & Trade Co. Ltd 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.

In October 2013, the Group successfully acquired a piece of land with a floor area of approximately 61K square meters in Wuxi, Jiangsu Province. The land is situated at the intersection of Xihu Road and Bai Zhuang Road. The Group plans to build a shopping mall, with total gross floor area of approximately 200,000 square meters, which included a self-operated department store and supermarket.

During 2013, 4 new supermarkets were opened in Taixing, Jiangyin, Wuxi cities, Jiangsu Province, and they located along the existence logistic routes in Yixing. The opening of the new supermarkets enhanced the Group "1+N" expansion strategy for the supermarket business, improved the logistics efficiency and so enhanced the quality of the products.

As of 31 December 2013, the Group had a total operational floor area of 692,000 sq. meters (2012: 650,000 sq. meters), in which 517,000 sq. meters (2012: 495,000 sq. meters) is operated by the department store business and 175,000 sq. meters (2012: 155,000 sq. meters) is operated by the supermarket business. Moreover, the Group has land areas and contracted land areas of total 152,000 square meters in Anqing, Anhui Province; Jiaxing, Zhejiang Province; Yixing and Wuxi, Jiangsu Province. The lands are under construction for shopping malls with gross floor areas of 690,000 square meters.

***PROSPECTS***

Looking forward, beneficial factors are developing in the long term and the recovery of the global economy starts to resume. Meanwhile, the recovery of developed markets becomes more significant, which is driven by the organic growth of market itself rather than provisional policies. Barring any significant hindrance in the global economy, it is expected that the retail market in China would record a steady growth in 2014. China's consumption market may be slowdown as compared with the rapid growth recorded recent years. However, various economic measures launched by the Chinese government are expected to eliminate people's uncertainties, and to reinforce their confidence in, and willingness to, spending money. In addition, urbanization and expansion of middle-class in China will also drive up the spending in the domestic market.

Under this environment, the Group strongly believes that a sizable and traditional retail entity will be able to maintain its advantageous position in a highly competitive market so long as it is willing to upgrade itself and open to innovative ideas. The Group's sound financial position and chained operating structure in strategic regions can certainly help its business to take advantages in terms of management, sales activities and risk taking. The Group will continue to implement and follow the long-term and specific operating strategy to intensify the store optimization plan and enrich the product mix for the sake of providing quality services to the customers, satisfying their requirement on higher living standard and maximizing the return to shareholders.

## FINANCIAL RESULTS

The Group's TSP, revenue and profit attributable to owners of the parent reached record highs in 2013. 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 new stores and faced intensified competition in the supermarket business. Operating profit of the supermarket business decreased 2.2% year-on-year, and operating margins for the supermarket business dropped from 7.9% in 2012 to 5.7% in 2013.

## TSP

| | **Year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2013** | | | 2012 | | |
| | **Department Store business** | **Supermarket business** | **Total** | Department Store business | Supermarket business | Total |
| | | | (RMB million) | | | |
| **Revenue (as reported)** | **1,685** | **2,477** | **4,162** | 1,551 | 2,256 | 3,807 |
| *Add/ (less)* | | | | | | |
| Provision of food and beverage services | **-** | **(13)** | **(13)** | – | (15) | (15) |
| Commission income from concessionaire sales | **(1,347)** | **(40)** | **(1,387)** | (1,216) | (33) | (1,249) |
| Gross revenue of concessionaire sales | **8,132** | **241** | **8,373** | 7,107 | 209 | 7,316 |
| TSP | **8,470** | **2,665** | **11,135** | 7,442 | 2,417 | 9,859 |
| *Representing:* | | | | | | |
| Direct sales | **277** | **2,380** | **2,657** | 286 | 2,169 | 2,455 |
| Gross revenue of concessionaire sales | **8,132** | **241** | **8,373** | 7,107 | 209 | 7,316 |
| Rental income | **61** | **44** | **105** | 49 | 39 | 88 |
| TSP | **8,470** | **2,665** | **11,135** | 7,442 | 2,417 | 9,859 |
| Same Store sales growth | **7.1%** | **-0.9%** | | 8.8% | -1.0% | |

DEPARTMENT STORE BUSINESS:

TSP from the department store business grew to RMB8,470 million (2012: RMB7,442 million) was mainly attributable to same store sales growth of approximately 7.1%. Direct sales as a percentage of TSP from the department store business decreased from 3.9% to 3.3% while gross revenue of concessionaire sales as a percentage of TSP from the department store business increased from 95.5% to 96.0% in 2013. The changes were primarily due to a change in the sales model for gold and jewelry 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 21.5% to 19.0%. The five largest stores aggregate contribution to TSP decreased from 65.7% to 60.7% for 2013.

*TSP BY MERCHANDISE CATEGORIES*

In 2013, fashion and apparel accounted for approximately 38.7% (2012: 40.9%); merchandise related to cosmetics accounted for approximately 5.0% (2012: 4.6%); watches, gold and jewelry accounted for approximately 26.8% (2012: 23.5%); footwear accounted for approximately 10.4% (2012: 11.0%) and the remaining categories including athletic apparel and casual wear, children's and home furnishing, household and electronic appliances, rental income and others accounted for the remaining 19.1% (2012: 20.0%) of TSP of the department stores business.

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

In 2013, the commission rate from concessionaire sales was 16.6%, representing a reduction of 0.5 percentage point from 17.1% in 2012. The decrease was mainly due to the increased contribution from low commission rate merchandise related to cosmetics, watches, gold and jewelry. The Comprehensive Gross Margin was 20.7% in 2013 and it was similar to that of 2012.

SUPERMARKET BUSINESS:

In 2013, TSP of the supermarket business reached RMB2,665 million (2012: RMB2,417 million). Growth in TSP arose from proceeds from newly opened supermarkets. Increase number of store in the region by the Group, intensified competition and economic slowdown in PRC resulted in a same store sales drop of approximately 0.9%.

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 TOP FIVE STORES*

The aggregate contribution to TSP generated from the supermarket business from the five largest stores decreased from approximately 45.7% to 39.7% for 2013. The proceeds from supermarkets opened in 2012 and 2013 (proceeds not included in calculating the same store sales growth) accounted for 16.1% of TSP for the supermarket business. These stores are expected to become a new driving force for the supermarket business of the Group.

*TSP BY MERCHANDISE CATEGORIES*

Fresh food accounted for approximately 38.6% (2012: 35.7%), dry foods accounted for approximately 30.2% (2012: 31.8%), non-food accounted for approximately 26.7% (2012: 27.6%) and the remaining categories including rental income and others accounted for the remaining 4.5% (2012: 4.9%) of the TSP of the supermarket business.

*DIRECT SALES MARGIN AND COMPREHENSIVE GROSS MARGIN*

In 2013, revenue from direct sales in the supermarket business increased to RMB2,380 million from RMB2,169 million, representing a rise of 9.8%. The direct sales margin stayed at 12.9% (2012: 14.0%). The Comprehensive Gross Margin reached 23.3% (2012: 24.5%). The Group intended to maintain the Comprehensive Gross Margin stable by increasing investments in equipment and technology to expand the contribution from fresh food and to enhance food quality and reduce wastage.

## Expenses

| | **Year ended 31 December** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2013** | | | | | 2012 | | | | |
| | **Department store business** | **Super market business** | **Head quarter** | **Total** | **% of TSP** | Department store business | Super market business | Head quarter | Total | % of TSP |
| | **(RMB million)** | | | | | (RMB million) | | | | |
| Staff costs | **267** | **221** | **85** | **573** | **5.1%** | 223 | 186 | 74 | 483 | 4.9% |
| Depreciation and amortization | **248** | **66** | **4** | **318** | **2.9%** | 194 | 56 | 4 | 254 | 2.6% |
| Rental expenses | **22** | **54** | **5** | **81** | **0.7%** | 16 | 49 | 3 | 68 | 0.7% |
| Other expenses | **339** | **129** | **26** | **494** | **4.5%** | 352 | 110 | 27 | 489 | 4.9% |
| Total expenses | **876** | **470** | **120** | **1,466** | **13.2%** | 785 | 401 | 108 | 1,294 | 13.1% |

Expenses consisted of staff costs, depreciation and amortisation, rental expenses 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 was 13.2% for 2013 and it was flat compared with 2012. Total expenses increased 13.3% to RMB1,466 million (2012: RMB1,294 million) as we continued to expand the store networks and upgrade the shopping environment.

**Fee Income from Suppliers and Operating Profit Margin**

Fee Income from suppliers increased to RMB517 million in 2013 (2012: RMB439 million), fee income from suppliers as a percentage of TSP increased to approximately 4.6% for 2013 compared to 4.5% for 2012.

Operating profits for the Group (excluded interest and dividend income and unallocated gains, corporate and other unallocated expenses and finance costs) increased to approximately RMB1,026 million in 2013 from RMB948 million for the same period in 2012, representing a year-on-year increase of 8.2%. Operating profits for the department store business increased to approximately RMB874 million in 2013 from RMB757 million in 2012, representing a year-on-year increase of 15.5%. The operation margin as a percentage of TSP for the department store business stayed at 10.3% (2012: 10.2%). For the supermarket business, operating profits decreased to approximately RMB152 million. However the operating margin as a percentage of TSP for the supermarket business was 5.7%, representing a decline of 2.2 percentage point from 7.9% in 2012. 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 RMB56 million in 2013. The increase was due to the increase of short-term financing notes and bank borrowings. Interest expenses of RMB29 million (2012: RMB9 million) has been capitalized as property under development.

**Profit before tax**

In line with the increase in operating profit, profit before tax increased 12.3% to RMB1,035 million in 2013.

**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 2013 kept at 28.8% (2012: 28.8%).

## Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent company increased to approximately RMB730 million for 2013 (2012: RMB651 million), representing year-on-year growth of approximately 12.1%.

## 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 RMB7,213 million (2012: RMB6,861 million) were assets which are held for the long-term, for the use in operation.

Capital expenditure of the Group during 2013 amounted to approximately RMB678 million (2012: RMB2,121 million). The amount represented contractual payments made for the acquisition of land use rights, buildings and construction of greenfield projects and store expansion.

Capital commitment as of 31 December 2013 amounted to RMB1,064 million (2012: RMB540 million), representing mainly capital works and construction at Yixing, Jiaxing and Anqing shopping malls.

### Investment in Listed Shares

The Group currently owned 5.59% minority interests in Wuxi Commercial Building Dadongfang Co., Ltd. (無錫商業大廈大東方股份有限公司), a company listed in the Shanghai Stock Exchange.

## FINANCING

### Funding Model

The Group has been careful in using debt gearing to expand our business in accordance with our business strategy. At 31 December 2013, the Group's gearing ratio stayed at 37% (2012: 36%). The gearing ratio is calculated by net debt (including bank borrowings, short-term financing notes, trade payables and other payables and accruals minus structured deposits, restricted cash, long-term time deposits at bank and cash and cash equivalents) divided by the capital plus net debt of the Group.

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. In March 2013, the Group issued first tranche of short-term financing notes of RMB900 million with interest rate of 4.59%. The notes are issued to institutional investors in the National Interbank Bond Market.

## Liquidity, Cash and Borrowings

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. The Group relied principally on cash flow generated from its operating activities as a primary source of liquidity. In order to take advantage of interest rate spreads among different currencies, the Group borrowed bank loans mainly denominated in US$ and HK$.

As at 31 December 2013, the equity attributable to owners of the parent amounted to RMB4,796 million, representing an increase of RMB318 million from 31 December 2012. During the year, the Company repurchased 2.1 million shares for a total consideration (including expenses) of HK$8.2 million.

The Group maintained a strong cash position. Cash and cash equivalents, long-term time deposits at bank, restricted deposits and structured deposits total stood at approximately RMB3,455 million (2012: RMB2,249 million), whereas the Group had short-term bank loans and short-term financing notes of total RMB1,872 million (2012: RMB794 million).

Total assets of the Group as at 31 December 2013 amounted to approximately RMB12,132 million (2012: RMB10,382 million), whereas total liabilities amounted to approximately RMB7,106 million (2012: RMB5,671 million), resulting in a net assets position of RMB5,026 million (2012: RMB4,711 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 borrowings and deposits were denominated in HK$ or US$ which exposed the Group to foreign exchange risks attributable to fluctuations in exchange rates between HK$/US$ and RMB.

As at 31 December 2013, the Directors considered the Group’s foreign exchange risk to be insignificant. For the year ended 31 December 2013, the Group recorded net foreign exchange gains of approximately RMB26 million (2012: RMB2 million).

## CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2013, the Group had no material contingent liabilities. Bank loans of RMB15,000,000 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.

## HUMAN RESOURCES

### Enhancing Staff Capabilities

We endeavor to provide employees with a stimulating and harmonious working environment. We also advocate lifelong learning, offer training and development prospects to broaden their outlook, improve the standard of our employees, support their personal growth and offer promotion opportunities. The Group provided additional support on staff training to enhance their performance in their current roles or prepare them for further advancement.

### Employees and Remuneration Policies

As at 31 December 2013, the Group employed a total of approximately 8,612 full-time employees, of which 3,502 served the department store business and of which 4,946 served the supermarket business (2012: 7,800 full-time employee, of which 3,320 served the department store business and 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 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 which was adopted pursuant to the shareholders' resolutions passed on 30 September 2010. As at 31 December 2013, no share option was granted by the Group under the share option scheme.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2013 and up to the date of this report, the Company repurchased a total of 8,086,000 shares at an aggregate consideration of HK$31,621,495. These repurchased shares were cancelled on 3 March 2014. The number of issued shares of the Company as at the date of this report is 2,489,810,000.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2013, pursuant to the general mandate given to the Directors of the Company, the Company repurchased a total of 2,104,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange and all the repurchased shares were cancelled during the year. The number of issued shares of the Company as of 31 December 2013 was 2,497,896,000 shares. Particulars of the shares repurchased during the period are as follows:

| Month/Year | Number of ordinary shares repurchased | Purchase price paid per share paid | | Aggregate consideration |
|---|---|---|---|---|
| | | Highest HK$ | Lowest HK$ | HK$'000 |
| November 2013 | 450,000 | 3.98 | 3.94 | 1,784 |
| December 2013 | 1,654,000 | 3.95 | 3.87 | 6,463 |

Subsequent to 31 December 2013 and up to the date of this report, the Company repurchased a total of 8,086,000 shares at an aggregate consideration of HK$31,621,495. These repurchased shares were cancelled on 3 March 2014. The number of issued shares of the Company as at the date of this report is 2,489,810,000.

The Directors consider that the repurchases of shares will enhance shareholder value in the long term. Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold and the Company did not redeem any of the Company's listed securities during the year ended 31 December 2013.

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors and management are committed to compliance of statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Board reviews the corporate governance practices from time to time to ensure alignment of interests and expectations from our shareholders, the public investors and the other stakeholders.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practice (the "Corporate Governance Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2013. No incident of non-compliance by Directors was noted by the Company in 2013.

Rule 3.10(1) of the Listing Rules provides that every board of directors of listed issuers must include at least three independent non-executive directors. Moreover, Rule 3.21 of the Listing Rules provides that the audit committee of a listed issuer must comprise a minimum of three members. Subsequent to resignation of independent non-executive Director of the Company by Mr. Wang Shuaiting on 17 January 2014, the Company has two Independent Non-executive Directors and two audit committee members, the number of independent non-executive directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules, and the number of the audit committee members also fell below the minimum number as required under Rule 3.21 of the Listing Rules. Further, the number of independent non-executive director falls below one-third of the Board members as required under Rule 3.10A of the Listing Rules.

On 11 March 2014, the Board appointed Mr. Cheung Yat Ming as an independent non-executive Director and members of the audit committee, the remuneration committee and the nomination committee of the Company. Following Mr. Cheung appointment, the Company has fully complied with the requirements of Rules 3.10(A), 3.10(1) and 3.21 of the Listing Rules.

## AUDIT COMMITTEE

An Audit Committee has been established by the Company. The Audit Committee's primary responsibilities are to assure that adequate internal controls are in place and followed; assure that appropriate accounting principles and reporting practices are followed; satisfy itself as to the adequate of the scope and direction of external and internal auditing; and perform the corporate governance duties and fulfill the functions conferred on the Audit Committee. The Group's financial results for the year ended 31 December 2013 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 confirmation has been obtained from each Director to confirm compliance with the required standards set out in the Model Code for the year ended 31 December 2013.

## ANNUAL GENERAL MEETING

It is proposed that the annual general meeting will be held on Wednesday, 30 April 2014 at Conference Room I, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong (the "AGM"). A formal notice of the AGM 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 for the year ended 31 December 2013 of HK8.5 cents in cash per ordinary share to shareholders who names appeared on the register of members of the Company on 15 May 2014. Subject to the approval of the shareholders of the Company at the forthcoming AGM to be held on 30 April 2014, the final dividend will be paid on 23 May 2014.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 April 2014 (Monday) to 30 April 2014 (Wednesday) (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 AGM of the Company to be held on 30 April 2014 (Wednesday), all transfers documents, accompanies by the relevant share certificates, must be lodged with Computershare Hong Kong Investors Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 25 April 2014 (Friday).

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the AGM. For the purpose of determining the entitlement to the final dividend for the year ended 31 December 2013 (if approved), the register of members of the Company will be closed from 13 May 2014 (Tuesday) to 15 May 2014 (Thursday) (both dates 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 2013) (if approved), all transfers documents, accompanies by the relevant share certificates, must be lodged with Computershare Hong Kong Investor 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 12 May 2014 (Monday).

## 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, 11 March 2014

*As at the date of this announcement, the Board comprises three executive directors, namely Mr Chen Jianqiang, Mr Tao Qingrong and Mr Yu Yaoming; one non-executive director, namely Mr Fung Hiu Chuen, John; and three independent non-executive directors, namely Dr Lin Zhijun, Dr Zhang Weijiong and Mr. Cheung Yat Ming.*