SPRINGLAND

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

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Financial Highlights

	Six months ended 30 June		
	2014	2013	+/-
	(unaudited)	(unaudited)	
	RMB million	RMB million	
Total Sales Proceeds ("TSP")[1]	**5,813.3**	5,800.5	0.2%
– department store[2]	***4,394.0***	*4,469.6*	*-1.7%*
– supermarket	***1,419.3***	*1,330.9*	*6.6%*
Revenue	**2,224.0**	2,111.8	5.3%
Profit before tax	**597.0**	628.2	-5.0%
Profit attributable to owners of the parent	**425.8**	446.1	-4.5%
Earnings per share-basic (RMB: cents)	**17**	18	-3.9%
Net profit margin	**19.1%**	21.1%	

- **Total Sales Proceeds for the period recorded flatten and revenue reached an increase of 5.3%. Same store sales growth[3] for department store business represented a decline of 1.1%[4] and same store sales growth for supermarket business turned to 1.0%.**
- **Profit attributable to owners of the parent was RMB 425.8 million, representing a decrease of 4.5%.**

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 joint venture.
3 Same store sales growth represented the change in TSP for stores with operations through the comparable period.
4 Same store sales for department store business excluded sales proceeds from Yixing Springland store, which were under renovation since March 2014.

- **Earnings per share was RMB 17 cents. Net profit margin maintained at 19.1%.**
- **Proposed interim dividend of HK$8 cents per share.**

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, together with comparative figures for the previous year of 2013. 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 2014

	Notes	**Six months ended 30 June**	
		2014	2013
		(unaudited)	(unaudited)
		RMB'000	RMB'000
REVENUE	*4*	**2,224,049**	2,111,823
Other income and gains	*5*	**377,543**	372,928
Purchase of and changes in inventories		**(1,235,043)**	(1,144,264)
Staff costs		**(283,202)**	(264,345)
Depreciation and amortisation		**(164,723)**	(158,196)
Rental expenses		**(48,448)**	(36,668)
Other expenses		**(234,324)**	(228,762)
Finance costs		**(29,421)**	(22,616)
Share of loss of a joint venture		**(9,458)**	(1,734)
PROFIT BEFORE TAX		**596,973**	628,166
Income tax expense	*6*	**(163,380)**	(177,125)
PROFIT FOR THE PERIOD		**433,593**	451,041
Attributable to:			
Owners of the parent		**425,843**	446,071
Non-controlling interests		**7,750**	4,970
		433,593	451,041
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB: cents)	*8*	**17**	18

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**433,593**	451,041
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale listed investments:		
Changes in fair value	**20,348**	(18,255)
Reclassification adjustments for gains included in the consolidated statement of profit or loss		
- gain on disposal	**(9,019)**	-
Income tax effect	**(2,832)**	4,563
	8,497	(13,692)
Exchange differences on translation of foreign operations	**(4,677)**	26,395
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**3,820**	12,703
OTHER COMPERHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**3,820**	12,703
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**437,413**	463,744
Attributable to:		
Owners of the parent	**429,663**	458,774
Non-controlling interests	**7,750**	4,970
	437,413	463,744

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	**30 June 2014 (unaudited) RMB'000**	31 December 2013 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,261,873**	6,131,606
Prepaid land premiums		**884,934**	899,433
Other intangible assets		**39,881**	41,412
Goodwill		**206,494**	206,494
Investment in a joint venture		**247,819**	257,277
Investment in an associate		**45,166**	45,166
Available-for-sale investments		**79,887**	146,244
Long-term prepayments		**272,343**	181,725
Deferred tax assets		**49,241**	49,546
Restricted cash	11	**158,566**	154,445
Long-term time deposits at bank	11	**124,242**	121,460
Total non-current assets		**8,370,446**	8,234,808
CURRENT ASSETS			
Inventories		**250,236**	383,383
Trade receivables	9	**13,527**	13,026
Prepayments, deposits and other receivables		**255,948**	283,225
Due from a shareholder		**214,987**	-
Derivative financial instruments		**1,088**	-
Available -for-sale investments		**34,000**	14,000
Structured deposits	10	**410,000**	1,887,000
Restricted cash	11	**400,000**	400,000
Cash and cash equivalents	11	**1,567,095**	891,923
		3,146,881	3,872,557
Assets of a disposal group classified as held for sale		**24,738**	24,738
Total current assets		**3,171,619**	3,897,295

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2014

	Notes	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
CURRENT LIABILITIES			
Short-term financing notes		**-**	930,353
Interest-bearing bank borrowings	12	**2,098,148**	941,268
Trade payables	13	**906,630**	1,162,799
Other payables and accruals		**1,791,262**	2,228,790
Tax payable		**71,490**	78,102
		4,867,530	5,341,312
Liabilities directly associated with the assets classified as held for sales		**3,107**	3,107
Total current liabilities		**4,870,637**	5,344,419
NET CURRENT LIABILITIES		**(1,699,018)**	(1,447,124)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,671,428**	6,787,684
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	**725,847**	992,212
Long-term payables		**309,270**	300,329
Deferred tax liabilities		**464,720**	469,259
Total non-current liabilities		**1,499,837**	1,761,800
Net assets		**5,171,591**	5,025,884
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**21,315**	21,572
Reserves		**4,936,924**	4,607,365
Proposed final dividend	7	**-**	167,235
		4,958,239	4,796,172
Non-controlling interests		**213,352**	229,712
Total equity		**5,171,591**	5,025,884

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 KY1-1111, 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

The interim condensed consolidated financial statements for the six months ended 30 June 2014 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 2013.

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, restricted cash, long-term time deposits at bank, tax recoverable, amounts due from a shareholder, 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 2014 and 2013, respectively.

For the six months period ended 30 June 2014 (unaudited)	**Department store RMB'000**	**Supermarket RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	**907,048**	**1,317,001**	**2,224,049**
Segment results	**498,825**	**102,855**	**601,680**
Reconciliation:			
Interest and dividend income and unallocated gains			**98,864**
Corporate and other unallocated expenses			**(74,150)**
Finance costs			**(29,421)**
Profit before tax			**596,973**

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

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 and dividend income and unallocated gains			104,402
Corporate and other unallocated expenses			(59,857)
Finance costs			(22,616)
Profit before tax			628,166

The following table presents segment assets of the Group's operating segments as at 30 June 2014 and 31 December 2013, respectively:

As at 30 June 2014 (unaudited)

	Department store RMB'000	**Supermarket RMB'000**	**Total RMB'000**
Segment assets	**7,194,485**	**1,224,621**	**8,419,106**
Reconciliation:			
Corporate and other unallocated assets			**3,098,221**
Assets of a disposal group classified as held for sales			**24,738**
Total assets			**11,542,065**
Segment liabilities	**2,356,648**	**600,972**	**2,957,620**
Reconciliation:			
Corporate and other unallocated liabilities			**3,409,747**
Liabilities directly associated with the assets classified as held for sale			**3,107**
Total liabilities			**6,370,474**

3. Operating segment information (continued)

As at 31 December 2013 (audited)	Department store RMB'000	Supermarket RMB'000	Total RMB'000
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 sales			24,738
Total assets			12,132,103
Segment liabilities	2,879,737	641,432	3,521,169
Reconciliation:			
Corporate and other unallocated liabilities			3,582,343
Liabilities directly associated with the assets classified as held for sale			3,107
Total liabilities			7,106,619

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 2014 and 2013.

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	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Sales of goods - direct sales	**1,429,244**	1,328,836
Commission income from concessionaire sales (Note)	**731,565**	725,515
Total turnover	**2,160,809**	2,054,351
Rental income	**59,073**	50,833
Provision of food and beverage service	**4,167**	6,639
Total revenue	**2,224,049**	2,111,823

Note:

The commission income from concessionaire sales is analysed as follows:

	For the six months period ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	**4,324,969**	4,420,796
Commission income from concessionaire sales	**731,565**	725,515

5. Other income and gains

	For the six months period ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**276,227**	267,434
Interest income	**68,285**	75,754
Dividend income from available-for-sale listed investments	**3,301**	1,894
Subsidy income	**16,030**	20,868
Others	**2,579**	6,211
	366,422	372,161
Gains		
Gain on disposal of unquoted investments stated at cost	**1,014**	-
Fair value gains, net:		
Available-for-sale listed investments (transfer from equity on disposal)	**9,019**	-
Derivative instruments - transactions not qualifying as hedges	**1,088**	767
	11,121	767
	377,543	372,928

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.

Under the People's Republic of China (the "PRC") Corporate Income Tax 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% (six-month period ended 30 June 2013: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	For the six months period ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - PRC corporate income tax charge for the period	**144,841**	189,979
Deferred	**18,539**	(12,854)
Total tax charge for the period	**163,380**	177,125

7. Dividends

	For the six months period ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period:		
Final dividends for 2013: HK$8.5 cents (2012: HK$12 cents)	**167,235**	242,589
Dividends on ordinary share proposed (not recognized as a liabilities as at 30 June)		
Proposed interim dividend for 2014: HK$8 cents (2013: HK$10 cents)	**156,274**	198,780

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 RMB425,843,000 (six months period ended 30 June 2013: RMB446,071,000) and the weighted average number of ordinary shares of 2,484,051,000 (six months period ended 30 June 2013: 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 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Structure deposits in licensed banks in the PRC, at amortised cost	**410,000**	1,887,000

These structured deposits have terms of less than one year and have expected annual rates of return up to 5.8% (31 December 2013: 6.3%). Pursuant to the underlying contracts or notices, these structured deposits are capital guaranteed upon the maturity date.

11. Cash and cash equivalents, restricted cash and long-term deposits at bank

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Cash and bank balances	**1,186,737**	436,361
Time deposits	**1,063,166**	1,131,467
	2,249,903	1,567,828
Less: Restricted cash with maturity date within one year	**(400,000)**	(400,000)
Restricted cash with maturity date over one year	**(158,566)**	(154,445)
Long-term time deposits at bank	**(124,242)**	(121,460)
Cash and cash equivalents	**1,567,095**	891,923

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

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
RMB	**1,916,601**	1,453,223
US$	**146,866**	45,678
HK$	**186,436**	68,927
	2,249,903	1,567,828

11. Cash and cash equivalents, restricted cash and long-term deposits at bank (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and five years 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 bank balances and time deposits approximate to their fair values.

Restricted cash as at 30 June 2014 and 31 December 2013 represents balances deposited in the Group's designed accounts as required by Ministry of Commerce of the People's Republic of China. The Group is required to deposit no less than 30% of the balance of advances from customers for sales of prepaid cards.

12. Interest-bearing bank borrowings

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Bank loans:		
Unsecured	**2,823,995**	1,933,480
Bank loans repayable:		
Within one year or on demand	**2,098,148**	941,268
Over one year but within two years	**-**	308,303
Over two years but within five years	**725,847**	683,909
Total bank borrowings	**2,823,995**	1,933,480
Less: Portion classified as current liabilities	**(2,098,148)**	(941,268)
Long-term portion	**725,847**	992,212

Bank loans bear interest at floating rates.

The Group's bank loan bore effective interest rates from 1.9% to 3.4% per annum as at 30 June 2014 (31 December 2013: from 1.4% to 6.0% per annum).

12. Interest-bearing bank borrowings (continued)

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

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
RMB	**-**	1,000
US$	**1,903,104**	1,543,736
HK$	**920,891**	388,744
	2,823,995	1,933,480

13. 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 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Within three months	**751,880**	1,022,658
Over three months but within six months	**89,129**	64,100
Over six months but within one year	**36,501**	34,164
Over one year	**29,120**	41,877
	906,630	1,162,799

14. Events after the interim reporting period

Subsequent to 30 June 2014 and up to the date of this announcement, the Company repurchased a total of 200,000 shares at an aggregate consideration of HK$646,000. 7,638,000 repurchased shares were cancelled on 7 August 2014. The number of issued shares of the Company as at the date of this announcement is 2,460,700,000.

Subsequent to 30 June 2014 and up to the date of this announcement, Mr Chen Jianqiang has paid RMB10,000,000 to the Group. The outstanding balances due from a shareholder are RMB204,987,000 as the date of this announcement.

At a meeting held on 13 August 2014, the Directors declared an interim dividend of HK$8 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

During the reporting period, the European Sovereign debt crisis diminished. Most of the European countries with debt crisis had withdrawn from international bailouts due to lowered finance costs. The US economy showed momentum of recovery and became a main driver of global economic growth this year. China, being the world's second-largest economy, aimed to maintain healthy growth in the mid-to-long term by reducing large-scale stimulus, focusing on stepping up the elimination of backward production over capacity, strengthening the control on environment pollution, proactively fighting against corruption and accelerating the implementation of welfare measures in respect of pension, medical care, poverty and healthcare. Though the above measures are yet to form a significant driver of consumption, in the long run, they facilitate the development of the spending environment. In the reporting period, the economic growth rate of China was stable, but dropped slightly. The GDP of China reached RMB277 trillion, representing a moderate increase of 7.4%, which was lower than the government's expectation of 7.5% but higher than the market consensus of 7.3%. The total retail sales of social consumer goods were RMB12.4 trillion, representing a 12.1% growth when compared to the same period of the previous year. In line with the domestic economic trend, the retail industry was still constrained by following factors: weak consumption, intensified competition and lack of hot shopping topics. On the other hand, factors such as the increase of operating costs and the impact of new technologies were still influential. Retailers therefore adapted themselves to the trend and worked aggressively on their development strategies.

Given the above trends, the Group was determined to improve its efficiency by lowering the costs, so as to step up its progressive marketing strategy, and gathered the resources onto the regional retail chain business in the Greater Yangtze River Delta. In the reporting period, the total sales proceeds were RMB5.8 billion, representing an increase of 0.2 % when compared to the same period last year. The profit before income tax and interest was RMB626 million, representing a decrease of 3.7 %when compared to the same period last year. The profit attributable to shareholders was RMB426 million and the basic earnings per share for the first half of the year were RMB17 cents.

Business Analysis

With emerging business patterns and strengthened scale of the industry, more sales channels have been available to suppliers of branded products in China. Since the consuming behavior of customers in China has been varied and the customers have been smarter, quality and budget products and services have become the target. During the course of industrial transformation, new technologies have been the essential tools for retailers to identify business opportunities and accommodate themselves to the market trend. The Group believed that comprehensive research, precise judgment, ability to identify and lead customer demand and commitment to provide value-for-money services have always been the top priority of retail enterprises. In this regard, the Group strengthened the operating capacity of its stores, enhanced the corporate internal growth and provided consumers with higher quality and lower-cost products and services.

For the department store business, we have focused on increasing the sales proceeds by paying close attention to product sourcing and shopping experience to conform to the requirement of the era of consumer sovereignty. The Group further strengthened its cooperation and coordination with suppliers and concessionaires, and even established connections with certain suppliers to integrate product sources effectively and enhance the overall product management of the Group. Meanwhile, the Group developed a management system for experiential marketing services boasting cultural marketing activities and new technologies experience. As a result, a marketing activities cycle comprising 3 segments, namely “organizing appealing cultural branding activities in stores”, “facilitating new media communication featuring “small circle economy” and “fans economy”” and “attracting customers to join as members and participate in on site marketing activities”, was formed, thereby improving the sales of stores and promoting the brand image of Springland.

For the supermarket business, the Group has emphasized the freshness of food and the increasing number of stores in the community. Standardized supermarkets (“SM”) with Springland style will be the major commercial model of our supermarket business in the future, and they are now at the stage of soft opening and promotion. SM sell mainly food, and highlights its freshness, variety, safety and price-worthy of food. SM feature daily life and services by integrating convenient service, leisure and entertainment into supermarkets via organized co-operation with other enterprise, thus strengthening the business cluster effect of communities. The standardization of stores fulfilled the demand of domestic households, strengthened their repetitive purchasing behavior, provided an enjoyable shopping experience and effectively promoted the operating efficiency of stores. In addition, in order to meet the core requirement for freshness, the Group is planning a processing center which will be constructed in phases. The above actions will facilitate the Company to upgrade its business portfolio, to improve its service functions, to assure food safety and optimize the supply chain.

In the reporting period, the Group set up a cost control model to deal with the ever increasing operating costs. By setting a standard for labor efficiency, optimizing our working process and facilitating the application of new technologies, the Group was able to control the increase in labor costs.

To optimize store portfolios, upgrade store image and improve operating effect, the Group has commenced the renovation of Yixing Springland, Changshu Yaohan and Yixing Datonghua within the reporting period, which were estimated to be completed in the third quarter. As a quality traditional brand name, we are sure that its "new look" will be welcomed by consumers, and will effectively enhance the brand image and price image. As such, our position as the market leader will be strengthened.

Prospects

Looking forward, with the complicated and tough situation in China and overseas, the retail industry still faces the pressure brought about by the increasing labor costs and leasing costs, the impact of e-commerce platforms and new profit models and the weakened willingness to spend caused by the fragile macro-economy. Both the leading foreign and domestic retail enterprises are working on expanding their store networks into second tier, third tier and even fourth tier cities, thus intensifying the competition in the retail industry in all dimensions. However, the measures applied by the central government in maintaining growth, adjusting structure and benefiting citizen welfare have started to take effect. According to the data of the second quarter and June, a number of indices went positive. In particular, as the social security system covering medical insurance and other benefits has been improved gradually, the uncertainty of citizens' spending has diminished. The implementation of the selective two-child policy will bring about the demographic dividend and will also boost the consumption of people in China.

The Group will endeavor to provide the unique shopping experience that exists only in traditional retail enterprises, strengthen the operation and management of our stores and enhance the sophistication of management in respect of the environment, sales services and operating model of stores by technological innovation and application of technology. As a result, the operating capacity and the gross profit of stores will increase, and the advantages of traditional retail enterprises will be realized and converted into profitability. In respect of regional expansion, the priority is to increase the number of our stores in the mature market so as to maximize the branding and channel efficiency. Meanwhile, the Group will concentrate on developing projects and filling the development gap in the region by building logistics facilities and supply chains to achieve coverage for the target region.

Nevertheless, the complicated industry background will also create new opportunities. The next stage will be an important one for the retail industry and will also be a critical period for Springland to consolidate its market position through internal growth and external expansion. We will create the greatest value for shareholders with our accumulated expertise, business scale and endeavors.

FINANCIAL REVIEW

TSP and Revenue

For the six months period ended 30 June 2014, TSP of the Group maintained at RMB5,813 million. TSP are generated from both the department store and supermarket business. During the period, TSP of the department store business decreased to RMB4,394 million, representing a decline of 1.7% and TSP of supermarket business increased to RMB1,419 million, representing an increase of 6.6% from the same period in 2013.

	For the six months ended 30 June					
	2014			2013		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB'million)			
Revenue	**907**	**1,317**	**2,224**	874	1,238	2,112
Add/ (less)						
Provision of food and beverage services	**–**	**(4)**	**(4)**	–	(7)	(7)
Commission income from concessionaire sales	**(710)**	**(22)**	**(732)**	(705)	(20)	(725)
Gross revenue of concessionaire sales	**4,197**	**128**	**4,325**	4,301	120	4,421
TSP	**4,394**	**1,419**	**5,813**	4,470	1,331	5,801
Representing:						
Direct sales	**161**	**1,268**	**1,429**	139	1,190	1,329
Gross revenue of concessionaire sales	**4,197**	**128**	**4,325**	4,301	120	4,421
Rental income	**36**	**23**	**59**	30	21	51
TSP	**4,394**	**1,419**	**5,813**	4,470	1,331	5,801
Same Store sales growth	**-1.1%**	**1.0%**		10.6%	-3.1%	

For the six months period ended 30 June 2014, the revenue of the Group amounted to RMB2,224 million, representing an increase of 5.3% as compared to the same period last year. Revenue from the department store business increased to approximately RMB907 million, representing an increase of 3.7% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB1,317 million, representing an increase of 6.4% as compared to the same period last year. The growth in revenue of the department store business was mainly due to the increase direct sales from cosmetic.

Department Store Business:

For the six months period ended 30 June 2014, TSP from the department store business decreased to RMB4,394 million, same store sales decline of approximately 1.1%. During the period, concessionaire sales and direct sales contributed approximately 95.5% (six months end 30 June 2013: 96.2%) and 3.7% (six months ended 30 June 2013: 3.1%) to TSP in respect of the department store business respectively.

TSP by Top Five Stores

TSP derived from Wuxi Yaohan Department Store, as a percentage of TSP of the department store business, decreased to 16.8% for the six months period ended 30 June 2014 from 18.4% for the same period in 2013. The aggregate contribution to TSP from the five largest department stores decreased to 59.1% in the current period from approximately 60.9% in the same comparable period in 2013.

TSP by Merchandise Categories

The proportion of sales proceeds of department stores from various merchandise categories for the six months period ended 30 June 2014 and same period in 2013 are as follows: Fashion and apparel accounted for approximately 38.7% (2013: 38.1%); merchandise related to cosmetics and accessories accounted for approximately 31.6% (2013: 33.5%); footwear accounted for approximately 10.6% (2013: 10.2%), 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% (2013: 18.2%).

Commission Rate from Concessionaire Sales and Comprehensive Gross Margin[5]

For the six months period ended 30 June 2014, the commission rate from concessionaire sales was 16.9%, representing growing of 0.5 percentage point from 16.4% of the same period in 2013. The increase was mainly due to combine of the decreased contribution from merchandise related to 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 rose to 21.0% in current period from 20.3% for the same period last year. The rise was due to the increase in commission rate from concessionaire sales.

[5] 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 2014, TSP of supermarket business reached RMB1,419 million, representing an increase of 6.6% as compared to the same period in 2013, and the grew was mainly attributable to new stores and same store sales growth of 1.0%. During the period, direct sales and concessionaires sales contributed approximately 89.3% (2013: 89.4%) and 9.0% (2013: 9.0%) of TSP of the supermarket business respectively.

TSP by Top Five Stores

The aggregate contribution to TSP generated from the five largest supermarkets decreased to 38.4% for the six months period ended 30 June 2014 from approximately 41.5% for the same period in 2013. The new supermarkets decreased to 7.5% of TSP for the supermarket business for the current period from 13.6% for the same period last.

TSP by Merchandise Categories

The proportion of sales proceeds of supermarkets from various merchandise categories for the six months period ended 30 June 2014 and same period in 2013 are as follow: Fresh food accounted for approximately 38.1% (2013: 36.2%); dry foods accounted for approximately 32.0% (2013: 33.0%), non-food accounted for approximately 25.6% (2013: 26.2%), and the remaining categories, including rental income and others, accounted for the remaining 4.3% (2013: 4.6%).

Direct Sales Margin and Comprehensive Gross Margin

Gross margin from direct sales for supermarket business stayed at 13.7% for the six months period ended 30 June 2014, similar to that of the same period in 2013. The Comprehensive Gross Margin was approximately 24.3% for the current period, representing a drop 0.2 percentage point from 24.5% for the same period last year. The Group intends to keep gross margin from direct sales and its Comprehensive Gross Margin relatively 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 purchased from suppliers for resale under the direct sales business model. For the six months period ended 30 June 2014, purchases of and change in inventories increased to approximately RMB1,235 million, representing an increase of 7.9% 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, foreign exchange losses and other miscellaneous expenses.

Total expenses of the Group as a percentage of TSP increased to approximately 12.6% for the six months period ended 30 June 2014 from 11.9% for the same period last year. During the period under review, total expenses increased by 6.2% to RMB731 million (six months period ended 30 June 2013: RMB688 million) as the Group 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 80.6% and 30.8% 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 fee income from suppliers, Government subsidy income, interest income, investment income and gains. Fee income from suppliers including promotion fees, management fees paid by suppliers for participating in the promotional activities, reimbursing electricity charge and material, etc.

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) decreased to RMB602 million for the six months period ended 30 June 2014 from RMB606 million for the corresponding period last year. Profit from operations for the department store business was RMB499 million. Operation margin as a percentage of TSP for department stores slight increased to approximately 11.4% (2013: 11.2%). For the supermarket business, profit from operations decreased by approximately 3.0% to RMB103 million and operating margin as a percentage of TSP decreased to approximately 7.2%, representing a drop of 0.8 percentage point from 8.0% for the same period last year.

Finance costs

Total interest expenses increased by approximately 30.1% to RMB30 million during the period compared with the corresponding period last year. The increase was due to the increase of short-term borrowings during the period. During the period under review, approximately RMB17 million (2013: RMB13 million) of the interest expenses has been capitalized as property under development.

Shares of loss of a joint venture

This is the share of loss from Zhenjiang Baisheng Commercial Center Co., Ltd., a joint venture of the Company. The share of loss increased to RMB9 million during the six months ended 30 June 2014 from RMB2 million for same period last year. The increase in loss is due to the decline performance in the joint venture.

Profit before tax

Profit before tax reached RMB597 million for the six months period ended 30 June 2014, representing an decrease of 5.0% from the same period last year.

Profit for the period attributable to owners of the parent

Profit attributable to owners of the parent company decreased to approximately RMB426 million for the six months period ended 30 June 2014, representing a decline of approximately 4.5% from the same period in 2013. During the period, the net profit margin in term of TSP was 7.3% (2013: 7.7%) and the net profit margin in term of revenue was 19.1% (2013: 21.1%).

Profit for the period reached RMB434 million for the six months period ended 30 June 2014 (2013: RMB451 million), basic earnings per share was RMB17 cents.

FINANCING

Funding model

The Group has been careful in using debt gearing to expand the business in accordance with the business strategy. At 30 June 2014, the Group's gearing ratio stayed at 37% (31 December 2013: 37%). The gearing ratio is calculated by net debt (including bank borrowings, 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 years, the Group have actively diversified the 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. The notes were fully repaid on March 2014.

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 US$ and HK$.

As at 30 June 2014, total assets of the Group amounted to approximately RMB11,542 million (31 December 2013: RMB12,132 million), whereas total liabilities amounted to approximately RMB6,370 million (31 December 2013: RMB7,106 million), resulting in a net asset position of RMB5,172 million (31 December 2013: RMB5,026 million).

Foreign exchange and interest rate exposure

The Group's businesses are located in PRC and all transactions are conducted in RMB. Except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Most of the Group's assets and liabilities were denominated in RMB, except for the certain bank balances and bank loans denominated in US$ and HK$.

The Group's assets and liabilities denominated in US$ and HK$ were mainly held by certain subsidiaries incorporated outside PRC who had US$ or HK$ as their functional currencies. And the Group did not have material foreign currency transactions in Mainland China during the period. The Group's assets and liabilities denominated in US$ and HK$ which exposed the Group to foreign exchange risks attributable to fluctuations in exchanges rates between HK$/US$ and RMB. The RMB depreciated by approximately 0.9% against the US$ in the six months period ended 30 June 2014. As a result, the Group recorded net foreign exchange losses of approximately RMB11 million for the period (2013: net foreign exchange losses of RMB 2 million). Nevertheless, the foreign exchange losses would not have any significant impact on the Group's core business profitability and cash flow.

The Group's exposure to the risk of changes in market interest rates related primarily to the Group's bank loans with floating interest rates.

Capital expenditure and capital commitment

Capital expenditure of the Group during the period amounted to approximately RMB279 million (31 December 2013: RMB678 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 30 June 2014 amounted to RMB1,032 million (31 December 2013: RMB1,064 million), representing mainly capital works and construction at Yixing, Jiaxing, Anqing and Xishan shopping malls.

Investment in listed shares

As at 30 June 2014, the Group owned 2.7% 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 it is listed on The Shanghai Stock Exchange.

Cash and cash equivalents, long-term time deposits at banks, restricted cash and structured deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months 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 in PRC.

Restricted cash represents balances deposited in the Group's escrow account in a commercial bank as required by "Administrative measures for single purpose commercial prepaid card (trial)" issued by the Ministry of Commerce of the People's Republic of China. The Group is required to deposit no less than 30% of the balance of advances from customers for sales of prepaid cards in the Group's escrow account.

Structured deposits are in licensed banks in the PRC and they have terms of less than one year and have expected annual rates of return up to 5.8%. Pursuant to the underlying contracts or notices, these structured deposits are capital guaranteed upon the maturity date.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2014, the Group had no material contingent liabilities and pledge of assets.

HUMAN RESOURCES

As at 30 June 2014, the Group employed a total of approximately 7,786 full-time employees, of which 3,289 served the department store business and of which 4,293 served the supermarket business (31 December 2013: 8,612 full-time employee, of which 3,502 served the department store business and of which 4,946 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 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 the business, the Group also offers a share option scheme. As at 30 June 2014, no share option was granted by the Group under the share option scheme.

CONNECTED TRANACTION

On 15 April 2013, an indirect wholly-owned subsidiary of the Company, Jiangsu Springland International Holding (Group) Ltd. ("Jiangsu Springland") purchased the financial product (the "Financial Product") from China Construction Bank Corporation Wuxi Chengbei Branch for RMB200 million maturing on 17 April 2014. In January 2014, an indirect wholly-owned subsidiary of the Company, Wuxi Xishan Yaohan Lifestyle Center Co., Ltd. ("Xishan Yaohan"), placed a one year fixed deposit of RMB100 million with China Construction Bank Corporation Wuxi Yingbin Branch with an interest rate equal to 3.25% per annum (the "Deposit"), payable upon maturity. However, a balance of RMB180 million remains outstanding under the Financial Product after maturity on April 2014. Our management made enquiries with the banks as soon as they became aware of this event. In the course of enquires with the Bank, it was discovered that a pledge has been registered on the Deposit.

It is anticipated that Jiangsu Springland and Xishan Yaohan will incur substantial time, effort and possible legal and other expenses for the recovery of the entire balance of the Financial Product and removal of the pledge registered on the Deposit respectively. To reduce further incurrence of time and costs by the Group arising therefrom, Mr. Chen Jianqiang ("Mr. Chen"), the controlling shareholder (as defined under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange)) of the Company, agreed to acquire the Financial Product from Jiangsu Springland for RMB180 million and the Deposit from Xishan Yaohan for RMB100 million in cash.

On 30 April 2014, Jiangsu Springland and Xishan Yaohan as sellers entered into an agreement with Mr. Chen as purchaser ("Agreement"), whereby Jiangsu Springland disposed the Financial Product and Xishan Yaohan disposed the Deposit for RMB180 million and RMB100 million respectively to Mr. Chen. The considerations were determined after considering the costs paid by Jiangsu Springland for the Financial Product and Xishan Yaohan for the Deposit. RMB280 million being the aggregate of the balance of the Financial Product and the face value of the Deposit, all in cash, and which shall be paid on/before 31 December 2014. In doing so, on the completion of the Agreement, Jiangsu Springland and Xishan Yaohan will immediately recover the balance under the Financial Product and the Deposit at cost respectively, and prevent possible losses and the incurrence of further time and costs by the Group and its shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") of Appendix 14 to the Listing Rules on the Stock Exchange throughout the six months period ended 30 June 2014. No incident of non-compliance by Directors was noted by the Company in the period except the fact as disclosed below.

Rule 3.10(1) of the Listing Rules provides that every board of directors of a listed issuer must include at least three independent non-executive directors. Rule 3.10A of the Listing Rules also provides that independent non-executive directors representing at least one-third of the board. 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 had 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 member of the audit committee, the remuneration committee and the nomination committee of the Company. Following Mr. Cheung's appointment, the Company fully complied with the requirements of Rules 3.10A, 3.10(1) and 3.21 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

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 on the Stock Exchange 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 throughout the six months, period ended 30 June 2014.

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

During the six months period ended 30 June 2014, pursuant to the general mandate given to the Directors of the Company, the Company repurchased a total of 36,996,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange and 29,558,000 repurchased shares were cancelled during the period. The number of issued shares of the Company as of 30 June 2014 was 2,468,338,000 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	Lowest	
		HK$	HK$	HK$'000
January 2014	8,086,000	3.96	3.82	31,621
April 2014	3,951,000	3.19	2.91	12,425
May 2014	17,521,000	3.13	2.57	48,257
June 2014	7,438,000	2.99	2.87	21,814

Subsequent to 30 June 2014 and up to the date of this announcement, the Company repurchased a total of 200,000 shares at an aggregate consideration of HK$646,000. 7,638,000 repurchased shares were cancelled on 7 August 2014. The number of issued shares of the Company as at the date of this announcement is 2,460,700,000.

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 six months period ended 30 June 2014.

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.

DIRECTORS' RESPONSIBILITY FOR ACCOUNTS

Directors acknowledge their responsibility for preparing the interim financial statements of the Company. Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going-concern. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 are prepared on a going-concern basis. All the new accounting standards and policies adopted by the Company have been thoroughly discussed and approved at the Audit Committee before adoption by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014. The Audit Committee is appointed by the Board of Directors and has three members, all of whom are Independent Non-executive Directors, being Dr. Lin Zhijun (chairman), Dr. Zhang Weijong and Mr. Cheung Yat Ming.

INTERIM DIVIDEND

The Board proposed to pay an interim dividend of HK$8 cents per ordinary share of the Company for the six months ended 30 June 2014 to shareholders whose names appear on the register of members of the Company on 15 September 2014. It is expected that the interim dividend will be paid on or about 25 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 September 2014 to 15 September 2014 (both days inclusive) during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied 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 10 September 2014.

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 2014 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
Chen Jianqiang
Chairman

Hong Kong, 13 August 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.