八佰伴
YAOHAN

DEPARTMENT STORE

SPRINGLAND

Interim Report 2011

大统华
Datonghua

SUPERMARKET

SPRINGLAND

Springland International Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code：1700

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Chen Jianqiang *(Chairman)*
Tao Qingrong *(Chief Executive Officer)*
Fung Hiu Lai
Yu Yaoming

Non-Executive Directors
Wang Lin
Fung Hiu Chuen, John

Independent Non-Executive Directors
Lin Zhijun
Zhang Weijiong
Wang Shuaiting

AUTHORIZED REPRESENTATIVES

Chen Jianqiang
Hon Yin Wah

AUDIT COMMITTEE

Lin Zhijun *(Chairman)*
Zhang Weijiong
Wang Shuaiting

REMUNERATION COMMITTEE

Zhang Weijiong *(Chairman)*
Lin Zhijun
Wang Shuaiting
Wang Lin
Fung Hiu Chuen, John

NOMINATION COMMITTEE

Zhang Weijiong *(Chairman)*
Lin Zhijun
Wang Shuaiting
Wang Lin
Fung Hiu Chuen, John

COMPANY SECRETARY

Hon Yin Wah

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No.2 25/F Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

HEAD OFFICE

26/F Wuxi Jinling Hotel
No.1 Xianqian East Street
Wuxi City, Jiangsu, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountant

STOCK CODE

1700

COMPANY WEBSITE

www.springlandgroup.com.cn

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

In the first half of this year, the economy of China is good in general, the total retail sales of consumer product in the country reached RMB 8,583.3 billion, with a year-on-year increase of 16.8%, the urban residents disposable income per capita is RMB 11,041 with a year-on-year increase of 13.2% and 7.6% excluding the price factors. Driven by the steady local consumer spending, the retail sector was supported and the result of the Company is encouraging. During the reporting period, the total sales proceeds is RMB 4.37 billion, increased by 31.5% compared to the same period in last year. Of the total sales proceeds, the department store business achieved total sales proceeds of RMB 3.28 billion, increased by 33.0% compared to the same period in last year; same store sales growth also increased by 29.8% compared to the same period in last year. The supermarket business achieved RMB1.09 billion, an increase of 27.1% was achieved over the same period last year, its same store sales growth was increased by 14.4%. Profit for the period is RMB 356.0 million, increased by 55.7% over the same period last year.

BUSINESS REVIEW

The Company achieved good results is due to our competitive advantages and our perseverance to the dual format operation.

Firstly, the Company insists in developing in the Greater Yangtze River Delta region, and strive to expand the Company's scale in the region. During the reporting period, the Company opened three new stores, including 1 department store and 2 supermarkets in Changzhou and Taixing. Both are new cities to the Company, but our stores performed well and have established a certain market position within a short period of time. In addition, the Group has new store projects in the core business districts of Xuancheng, and Anqing. The broadening of store network helped increase the density of the Group's operations while enhancing its presence in the region. Driven by the 1 + N expansion strategy, the rooms of regional development could be further explored.

Secondly, the Company strengthens its operational management system, and constantly enhances its professionalism. Since 2010, the Company started to strengthen its operational management system. The purpose is to achieve improved management efficiency, reduced operating costs through optimizing the business operations with an aim to raise its overall profitability. During the reporting period, the Group achieved initial success with much enhanced professional quality in each business segment.

The major working direction of department stores is to improve both the sales and marketing and strategic planning. In terms of sales and marketing, the Company aims to develop and enhance the value-adding service to customers and suppliers, which in turn innovates, changes and transforms the operational management system substantially. Nantong Yaohan firstly implemented 'Brand Label Private Sale' in June, and achieved RMB 19.91 million of single-day sales, which is three times of the store's previous sales records. On strategic planning side, the operational management system not only possesses guidance to position incremental stores at store opening stage, planning of brand mix, store layout, and interior design, it also adapts to the growth needs of the stores and implements partial transformation, upgrading and changing mix of merchandise, forming a new growth point for existing store. Jiangyin store, for example, during the reporting period, eliminated 28 brands and newly introduced 61 brands. The store even introduced the cosmetics brand Lancome, first time that Lancome counter was introduced into the province level cities. These new replacements were attractive to consumers, and brought 27.8% of same store sales growth of the store.

CHAIRMAN'S STATEMENT

For supermarkets, regional management was implemented and increased in investment of fresh food business. During the reporting period, the supermarket system collaborated with 1 + N intensive network expansion strategy, fully executed regional management. The management effectively integrated resources from management, human resources, sales and marketing resources, product resources, etc.. It also effectively drove operational efficiency in terms of lowering various costs and expenses, while maintaining a unified image of stores and raising competitiveness within the region. Meanwhile, supermarkets have comprehensive study of expansion of fresh food operation bases, construction of raw processing center, and cold chain logistics center. The planning will officially execute in the second half of the year, which will effectively enhance the product quality, performance and competitiveness of the Company.

In the macro environment of labor shortage and the rapid expansion of the retail business, human resources has become a continuing concern of the Company, the Company has taken various measures to increase staff salaries and benefits, improve job skills of employees, and to cultivate a more competent and high caliber staffing for the Group. In addition to providing general knowledge, skills training, and fair chances of promotion, the company also launched a company-wide recognition of outstanding employees, skill contest, cultural performances and other culture activities, which attracted a large number of employees actively participate in, it is an increase of cohesion and solidarity within the corporation.

PROSPECT

In the second half of 2011, the country's domestic retail industry will face a dilemma. On one hand, the domestic economic growth may slow down, in addition to growing competition in the industry and the government introduced a number of laws and regulations which focus on food safety, price gouging, prepaid cards, etc., to strengthen the supervision of the retail industry. Moreover, the public's ongoing concern for inflation makes the development of retail business to face greater uncertainty. On the other hand, the government has maintained its economic growth strategy as outlined in the "Twelfth-Five-Year Plan" of shifting from export-led to domestic demand-led with an aim to increase the disposable income of Chinese residents and stimulate consumption. These bode well for the retail industry.

Through pressing ahead with our store expansion strategy, coupled with our ongoing efforts in strengthening our operational efficiency, management system and corporate culture, the Company strives to become the most professional regional retail operator in China. In the coming years, the management of the Company is expected to continue focusing on regional development, while maintaining leading growth rate in the industry as well as generating sustainable profit growth. It is believed that our professional efforts will create long-term and sustainable returns to the shareholders.

Chen Jianqiang
Chairman
8 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The summary of the Group's results for the six months ended 30 June 2011 and 2010 is as below:

	Six months ended 30 June					
	2011			2010		
	Department store business	**Supermarket business**	**Total**	Department store business	Supermarket business	Total
			(RMB millions)			
Total sales proceeds[1]	**3,280.1**	**1,091.5**	**4,371.6**	2,466.5	858.6	3,325.1
Revenue	**810.5**	**1,022.0**	**1,832.5**	687.9	806.3	1,494.2
Profit from operations	**371.1**	**111.0**	**482.1**	269.8	100.5	370.3
Profit before tax			**496.6**			307.6
Profit for the period			**356.0**			228.6
Attributable to:						
Owners of the parents			**350.1**			222.6
Non-controlling interest			**5.9**			6.0
Basic earnings per share attributable to ordinary equity holders of the parents (RMB cents)			**14**			11
Proposed interim dividend per share (HK cents)			**4**			–

1 Total sales proceeds represent the sum of gross revenue from concessionaire sales, revenue from direct sales and rental income.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2011, total sales proceeds of the Group increased to RMB4,371.6 million, representing an increase of 31.5% as compared to the same period of 2010. Total sales proceeds are generated from both the department store and supermarket business. Total sales proceeds of the department store and supermarket businesses increased to RMB3,280.1 million and RMB1,091.5 million, representing an increase of approximately 33.0% and 27.1% respectively from the same period of 2010.

TOTAL SALES PROCEEDS

	Six months ended 30 June					
	2011			2010		
	Department store business	**Supermarket business**	**Total**	Department store business	Supermarket business	Total
			(RMB millions)			
Total revenue (As Reported)	**810.5**	**1,022.0**	**1,832.5**	687.9	806.3	1,494.2
Add/(less)						
Provision of food and beverage services	**–**	**(8.7)**	**(8.7)**	–	(7.3)	(7.3)
Commission income from concessionaire sales	**(531.5)**	**(14.1)**	**(545.6)**	(400.0)	(9.1)	(409.1)
Gross revenue of concessionaire sales	**3,001.1**	**92.3**	**3,093.4**	2,178.6	68.7	2,247.3
Total sales proceeds	**3,280.1**	**1,091.5**	**4,371.6**	2,466.5	858.6	3,325.1
Representing:						
Direct sales	**256.0**	**985.5**	**1,241.5**	269.1	779.9	1,049.0
Gross revenue of concessionaire sales	**3,001.1**	**92.3**	**3,093.4**	2,178.6	68.7	2,247.3
Rental income	**23.0**	**13.7**	**36.7**	18.8	10.0	28.8
Total sales proceeds	**3,280.1**	**1,091.5**	**4,371.6**	2,466.5	858.6	3,325.1
Same store sales growth[2]	**29.8%**[3]	**14.4%**				

2 Same store sales growth represents the change in total sales proceeds for stores with operations through the comparable period.

3 Same store sales growth excluded total sales proceeds generated from Zhenjiang Yaohan Store and Nantong Yaohan Store as Zhenjiang Yaohan Store was opened on January 2010 and Nantong Yaohan was closed down for renovation during May 2010 to September 2010.

Department store business:

For the six months ended 30 June 2011, total sales proceeds from the department store business grew to RMB3,280.1 million and was mainly attributable to same store sales growth of approximately to 29.8%.

Total sales proceeds derived from Wuxi Yaohan Department Store, as a percentage of total sales proceeds of the department store business, decreased from approximately 22.9% to 22.6% for the six months ended 30 June 2011. The aggregate contribution to total sales proceeds from the five largest stores increased from approximately 69.3% to 69.9% in the same period. Stores opened in 2009 and 2010 are expected to become the new driving force for the department store business and the Group's sales growth.

For the six months ended 30 June 2011, concessionaire sales contributed approximately 91.5% (30 June 2010: 88.3%) to total sales proceeds within the department store business. Direct sales accounted for approximately 7.8% (30 June 2010: 10.9%) of total sales proceeds of the department store business.

The proportion of sales proceeds of department stores from various merchandise categories for the six months ended 30 June 2011 and the same period in 2010 are as follows: Fashion and apparel accounted for approximately 41.6% (30 June 2010: 42.5%); merchandise related to cosmetics and accessories accounted for approximately 25.4% (30 June 2010: 21.2%); footwear accounted for approximately 10.9% (30 June 2010: 10.9%), and the remaining categories, including athletic apparel and casual wear, children's and home furnishing, household and electronic appliances, rental income and others, accounted for the remaining 22.1% (30 June 2010: 25.4%).

Supermarket business:

For the six months ended 30 June 2011, total sales proceeds of supermarket business reached RMB1,091.5 million. Growth in total sales proceeds of the supermarket business was mainly derived from same store sales growth of approximately 14.4% and new store opening.

The aggregate contribution to total sales proceeds generated from the five largest supermarkets decreased from approximately 64.0% to 54.5% for the six months ended 30 June 2011. The new supermarkets accounted for 11.0% of total sales proceeds for the supermarket business during that period.

For the six months ended 30 June 2011, direct sales contributed approximately 90.3% (30 June 2010: 90.8%) and concessionaires sales accounted for approximately 8.5% (30 June 2010: 8.0%) of total sales proceeds of the supermarket business.

The proportion of sales proceeds of supermarkets from various merchandise categories for the six months ended 30 June 2011 and the same period in 2010 are as follow: Fresh food accounted for approximately 32.5% (30 June 2010: 32.0%); dry foods accounted for approximately 35.4% (30 June 2010: 34.8%), non-food accounted for approximately 27.0% (30 June 2010: 27.7%), and the remaining categories, including rental income and others, accounted for the remaining 5.1% (30 June 2010: 5.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

For the six months ended 30 June 2011, revenue of the Group amounted to RMB1,832.5 million, representing an increase of 22.6% as compared to the same period last year. Revenue from the department store business increased to approximately RMB810.5 million, representing an increase of 17.8% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB1,022.0 million, representing an increase of 26.8% as compared to the same period last year. The rise in revenues was generally in line with the increase in the sales proceeds of the department store business and supermarket business.

	Six months ended 30 June					
	2011			2010		
	Department store business	**Supermarket business**	**Total**	Department store business	Supermarket business	Total
			(RMB millions)			
Direct sales	**256.0**	**985.5**	**1,241.5**	269.1	779.9	1,049.0
Commission income from concessionaire sales	**531.5**	**14.1**	**545.6**	400.0	9.1	409.1
Rental income	**23.0**	**13.7**	**36.7**	18.8	10.0	28.8
Provision of food and beverage services	**–**	**8.7**	**8.7**	–	7.3	7.3
Total revenue	**810.5**	**1,022.0**	**1,832.5**	687.9	806.3	1,494.2

Department store business:

Commission income from concessionaire sales: For the six months ended 30 June 2011, the commission rate from concessionaire sales was 17.7%, representing a reduce of 0.7 percentage point from the same period in 2010. The decrease was mainly due to combine of the increase contribution from merchandise related to jewelry and accessories, which have lower commission rate and increase sales to members lead to increase provision on bonus point liabilities. As mentioned above, the Comprehensive Gross Margin[4] was approximately 20.8% for six months ended 30 June 2011 representing a drop of 0.7 percentage point as compared to 21.5% for the same period in 2010. The Group intends to maintain the stability of its commission rate by conducting periodic reviews and enhancing its mix of merchandise to reflect changing consumption demands.

4 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.

Supermarket business:

Revenue from direct sales: Gross margin from direct sales was approximately 14.3% for the six months ended 30 June 2011, representing a rise of 1.0 percentage point as compared to 13.3% for the same period in 2010. Comprehensive Gross Margin kept of 24.0% for the six months ended 30 June 2011 (30 June 2010: 23.8%). The Group intends to keep gross margins from direct sales and its Comprehensive Gross Margin stable by operating on an increasingly self-sufficient basis with regards to fresh food and stepping up direct sourcing of fresh food products from the original production sites throughout China to reduce costs and ensure quality.

Other income and gains

	Six months ended 30 June							
	2011				2010			
	Department store business	**Supermarket business**	**Headquarter**	**Total**	Department store business	Supermarket business	Headquarter	Total
				(RMB millions)				
Other operating income	**92.4**	**83.8**	**-**	**176.2**	73.8	73.9	–	147.7
Other non-operating income	**-**	**-**	**63.8**	**63.8**	–	–	11.1	11.1
	92.4	**83.8**	**63.8**	**240.0**	73.8	73.9	11.1	158.8
Total sales proceeds	**3,280.1**	**1,091.5**	**-**	**4,371.6**	2,466.5	858.6	–	3,325.1
Percentage of total sales proceeds	**2.8%**	**7.7%**	**-**	**5.5%**	3.0%	8.6%	–	4.8%

For the six months ended 30 June 2011, other income and gains amounted to RMB240.0 million, representing an increase of 51.1% as compared to the same period of 2010. It was mainly due to an increase in other non-operating income, such as interest income and government grants.

Purchases of and changes in inventories

For the six months ended 30 June 2011, purchases of and change in inventories increased to approximately RMB1,065.2 million, representing an increased of 17.3% as compared to the same period last year. The growth was generally in line with the increase of direct sales.

Expenses

	Six months ended 30 June							
	2011				2010			
	Department store business	**Supermarket business**	**Headquarter**	**Total**	Department store business	Supermarket business	Headquarter	Total
				(RMB millions)				
Staff costs	**89.7**	**72.8**	**29.4**	**191.9**	60.4	43.9	13.7	118.0
Depreciation and amortisation	**82.2**	**20.3**	**1.8**	**104.3**	84.7	13.5	1.6	99.8
Rental expenses	**7.1**	**18.3**	**0.9**	**26.3**	9.9	15.1	0.7	25.7
Other expenses								
Other operating costs	**131.8**	**39.2**	**–**	**171.0**	104.9	31.4	–	136.3
Non-operating costs	**–**	**–**	**9.4**	**9.4**	–	–	6.6	6.6
Total sales proceeds	**3,280.1**	**1,091.5**	**n/a**	**4,371.6**	2,466.5	858.6	n/a	3,325.1
Percentage of total sales proceeds								
Staff costs	**2.7%**	**6.7%**	**n/a**	**4.4%**	2.4%	5.1%	n/a	3.5%
Depreciation and amortisation	**2.5%**	**1.9%**	**n/a**	**2.4%**	3.5%	1.6%	n/a	3.0%
Rental expenses	**0.2%**	**1.7%**	**n/a**	**0.6%**	0.4%	1.8%	n/a	0.8%
Other expenses	**4.0%**	**3.6%**	**n/a**	**4.1%**	4.2%	3.7%	n/a	4.3%
Total	**9.4%**	**13.9%**	**n/a**	**11.5%**	10.5%	12.2%	n/a	11.6%

Staff costs

For the six months ended 30 June 2011, staff costs increased by 62.7% to approximate RMB191.9 million. The increase was mainly attributable to the salary increment for existing staff and inclusion of staff costs for the new stores.

Total staff costs of the Group as a percentage of total sales proceeds increased to approximately 4.4%, representing a rise of 0.9 percentage point as compared to 3.5% for the same period in 2010.

Depreciation and amortisation

For the six months ended 30 June 2011, our depreciation and amortisation increased by 4.5% to approximately RMB104.3 million. The increase was primarily due to the inclusion of the depreciation and amortisation charges recognised for new stores opened during the period and additional depreciation and amortisation charges for construction, renovation and expansion of existing stores.

Total depreciation and amortisation expenses of the Group as a percentage of total sales proceeds decreased to approximately 2.4%, representing a fall of 0.6 percentage point from 3.0% for the same period in 2010.

Rental expenses

Rental expenses remained stable at RMB26.3 million for the six months ended 30 June 2011. Rental expenses of the Group as a percentage of total sales proceeds decreased to approximately 0.6%, representing an decrease of 0.2 percentage point from 0.8% for the same period in 2010.

Other expenses

Other expenses mainly included other operating costs and non-operating costs. Other expenses increased by 26.3% to approximately RMB180.4 million for the six months ended 30 June 2011.

Profit from operations

Profit from operations increased from approximately 30.2% to approximately RMB482.1 million for the six months ended 30 June 2011. Profit from operations for the department store business increased by approximately 37.5% to approximately RMB371.1 million. Operation margin as a percentage of total sales proceeds for department stores increased to approximately 11.3%, representing an increase of 0.4 percentage point from 10.9% for the same period in 2010. For the supermarket business, profit from operations increased by approximately 10.5% to approximately RMB111.0 million and operating margin as a percentage of total sales proceeds decreased to approximately 10.2%, representing a drop of 1.5 percentage point from 11.7% for the same period in 2010.

Profit before tax

Profit before tax hit RMB496.6 million for the six months ended 30 June 2011, representing an increase of 61.4% from the same period of 2010. The rise in profit before tax was generally in line with the rise in profit from operations and increase in non-operating income.

Profit for the period attributable to owners of the parent

Profit attributable to owners of the parent company increased to approximately RMB350.1 million for the six months ended 30 June 2011, representing growth of approximately 57.3% from the same period of 2010. The net profit margin increased to approximately 19.1% from 14.9%.

Profit for the period reached RMB356.0 million for the six months ended 30 June 2011. Basic earnings per share were RMB14 cents for the six months ended 30 June 2011.

CAPITAL EXPENDITURE

Capital expenditure of the Group during the six months ended 30 June 2011 amounted to approximately RMB439.9 million (30 June 2011: RMB314.4 million). The amount represented contractual payments made for the acquisition of land use rights, land and buildings and construction of greenfield projects, development store chain expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

As at 30 June 2011, the Group's bank balance, cash on hand and near cash instruments (including bank balances and cash, pledged deposit) stood at approximately RMB908.2 million (31 December 2010: RMB1,537.6 million), whereas the Group had short-term bank loan of RMB164.3 million (31 December 2010: RMB10.0 million). The Group's bank loans of RMB164.3 million are bearing interest at fixed rate. The Group has not used any interest rate swap to hedge against interest rate risk.

Total assets of the Group as at 30 June 2011 amounted to approximately RMB6,967.7 million (31 December 2010: RMB6,710.9 million), whereas total liabilities amounted to approximately RMB2,951.4 million (31 December 2010: RMB2,894.5 million), resulting in a net asset position of RMB4,016.3 million (31 December 2010: RMB3,816.4 million). The gearing ratio, calculated by net debt (including total bank borrowings, trade and bills payables and other payables and accruals minus cash and cash equivalents) divided by the capital plus net debt of the Group increased to approximately 28% (31 December 2010: 16%) at the end of 30 June 2011.

CONTINGENT LIABILITIES

As at 30 June 2011, neither the Group nor the Company had any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2011, the balance of bank loans RMB164.3 million which was guaranteed by the Group's time deposits for the issue of the letter of credit amounting to HK$200 million (RMB165.9 million in equivalent), in favour to the lending bank.

FOREIGN EXCHANGE EXPOSURE

The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. Certain of the Group's bank balances, short-term bank loans and deposits were denominated in HKD or USD. The Company and some of its overseas subsidiaries selected the USD as their functional currency. Significant fluctuations in exchange rates involving HKD, USD and RMB or against each entity's respective functional currency may have a financial impact on the Group.

As at 30 June 2011, the Directors considered the Group's foreign exchange risk to be insignificant. During the reporting period, the Group did not use any financial instruments for hedging purpose.

HUMAN RESOURCES

As at 30 June 2011, the Group employed a total of approximately 7,272 full-time employees, 3,285 who served the department store business and 3,603 who served the supermarket business including (31 December 2010: 6,495 full-time employee, of which 3,054 who served department store business and 3,117 who served supermarket business). Employees included management, sales people, workers for the logistics support system and other support staff. Remuneration for the Group was approximately RMB191.9 million (30 June 2010: RMB118.0 million), contributing to 38.2% (30 June 2010: 30.5%) of the Group's total expenses. This increase was due mainly to a rise in of headcount to support the operation of new department stores and supermarkets and increase average capita salary. 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.

To attract and retain skilled and experienced personnel and to motivate them to strive for future development and expansion of our business, the Group also offers a share option scheme (Share Option Scheme). As at 30 June 2011, no share option was granted by the Group under the Share Option Scheme.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2011

	Notes	2011 (unaudited) RMB'000	2010 (audited) RMB'000
		Six months ended 30 June	
REVENUE	4	**1,832,544**	1,494,172
Other income and gains	5	**240,042**	158,822
Purchase of and changes in inventories		**(1,065,227)**	(907,933)
Staff costs		**(191,913)**	(117,990)
Depreciation and amortisation		**(104,225)**	(99,768)
Rental expenses		**(26,331)**	(25,684)
Other expenses		**(180,440)**	(142,912)
Finance costs	6	**(7,864)**	(51,109)
PROFIT BEFORE TAX	7	**496,586**	307,598
Income tax expense	8	**(140,620)**	(79,020)
PROFIT FOR THE PERIOD		**355,966**	228,578
Attributable to:			
Owners of the parent		**350,081**	222,596
Non-controlling interests		**5,885**	5,982
		355,966	228,578
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cent)	10	**14**	11

Details of dividends paid for the period are disclosed in note 9 to these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**355,966**	228,578
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**2,876**	2,634
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**358,842**	231,212
Attributable to:		
Owners of the parent	**352,957**	225,230
Non-controlling interests	**5,885**	5,982
	358,842	231,212

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**4,183,362**	3,872,919
Prepaid land premiums	*12*	**390,045**	395,486
Intangible asset	*13*	**19,408**	–
Goodwill		**127,439**	127,439
Available-for-sale investments		**2,310**	2,310
Long-term prepayments		**202,493**	91,486
Deferred tax assets		**22,691**	18,039
Total non-current assets		**4,947,748**	4,507,679
CURRENT ASSETS			
Inventories	*14*	**319,043**	412,916
Trade receivables	*15*	**10,955**	10,567
Prepayments, deposits and other receivables		**201,694**	207,129
Equity investments at fair value through profit or loss		**25,078**	35,054
Loan and receivable	*16*	**555,000**	–
Pledged deposits	*17*	**166,438**	–
Cash and cash equivalents	*17*	**741,729**	1,537,556
Total current assets		**2,019,937**	2,203,222
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*18*	**164,279**	10,000
Bills payable	*19*	**500**	–
Trade payables	*20*	**714,712**	794,643
Other payables and accruals		**1,388,914**	1,332,405
Tax payable		**50,952**	41,067
Total current liabilities		**2,319,357**	2,178,115
NET CURRENT (LIABILITIES)/ASSETS		**(299,420)**	25,107
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,648,328**	4,532,786

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*18*	**–**	112,500
Long-term payables	*21*	**285,826**	271,214
Deferred tax liabilities		**346,188**	332,690
Total non-current liabilities		**632,014**	716,404
Net assets		**4,016,314**	3,816,382
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*22*	**21,589**	21,589
Reserves		**3,964,398**	3,615,715
Proposed final dividend		**–**	148,908
		3,985,987	3,786,212
Non-controlling interests		**30,327**	30,170
Total equity		**4,016,314**	3,816,382

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2011

	Attributable to owners of the parent									
	Issued capital	Share premium	Capital reserve	Other reserve	Exchange fluctuation reserve	Retained earnings	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 22						*Note 9*			
(unaudited)										
At 1 January 2011	**21,589**	**2,593,104**	**(10,011)**	**213,717**	**(4,048)**	**822,953**	**148,908**	**3,786,212**	**30,170**	**3,816,382**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**2,876**	**350,081**	**–**	**352,957**	**5,885**	**358,842**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,620)**	**(4,620)**
Re-recognition of non-controlling interests related to put option	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**222,547**	**222,547**
Final 2010 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(148,908)**	**(148,908)**	**–**	**(148,908)**
Derecognitions of non-controlling interests and recognition of the difference between the derecognised non-controlling interests and the liability of the put option	**–**	**–**	**(4,274)**	**–**	**–**	**–**	**–**	**(4,274)**	**(223,655)**	**(227,929)**
At 30 June 2011	**21,589**	**2,593,104**	**(14,285)**	**213,717**	**(1,172)**	**1,173,034**	**–**	**3,985,987**	**30,327**	**4,016,314**
(audited)										
At 1 January 2010	150	311,646	1,385	178,048	5,201	527,345	–	1,023,775	32,259	1,056,034
Total comprehensive income for the period	–	–	–	–	2,634	222,596	–	225,230	5,982	231,212
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(6,892)	(6,892)
Re-recognition of non-controlling interests related to put option	–	–	–	–	–	–	–	–	221,174	221,174
Change in interest in a subsidiary	–	(2,956)	–	–	–	–	–	(2,956)	2,956	–
Derecognitions of non-controlling interests and recognition of the difference between the derecognised non-controlling interests and the liability of the put option	–	–	(10,493)	–	–	–	–	(10,493)	(220,907)	(231,400)
Liabilities waived by shareholders	–	–	413	–	–	–	–	413	–	413
At 30 June 2010	150	308,690	(8,695)	178,048	7,835	749,941	–	1,235,969	34,572	1,270,541

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2011

	Note	2011 (Unaudited) RMB'000	2010 (audited) RMB'000
		Six months ended 30 June	
Net cash flow from operating activities		**520,709**	360,388
Net cash flows (used in)/from investing activities		**(1,112,222)**	263,647
Net cash flows used in financing activities		**(7,113)**	(416,352)
Net (decrease)/increase in cash and cash equivalents		**(598,626)**	207,683
Cash and cash equivalents at beginning of period		**1,332,326**	439,813
Effect of foreign exchange rate changes, net		**2,876**	2,634
Cash and cash equivalents at end of period		**736,576**	650,130
Analysis of balances of cash and cash equivalents			
Cash and bank balances	*17*	**736,576**	650,130

1. CORPORATE INFORMATION

Springland International Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2006 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KYI-1111, Cayman Islands. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 21 October 2010.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the operation of department stores and supermarkets in Mainland China. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Group is Netsales Trading Limited, a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2011 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 2010.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the new standards and interpretations as of 1 January 2011, noted below:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards-Limited Exemptions from Comparative IFRS 7 Disclosure for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation-Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRS issued in May 2010

The adoption of these new and revised IFRSs had no significant financial effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS1	Amendments to IFRS1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
Amendments to IFRS7	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfer of Financial Assets*[1]
Amendments to IAS1	Amendments to IAS1 *Presentation of Items of Other Comprehensive Income*[3]
Amendments to IAS12	Amendments to IAS12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
IAS 19 *(Revised)*	*Employee Benefit*[3]
IAS 27 *(Revised)*	*Separate Financial Statements*[3]
IAS 28 *(Revised)*	*Investments in Associates and Joint Ventures*[3]
IFRS 9	*Financial Instruments: Classification and measurement*[3]
IFRS 10	*Consolidated Financial Statements*[3]
IFRS 11	*Joint Arrangements*[3]
IFRS 12	*Disclosure of Interests in Other Entities*[3]
IFRS 13	*Fair Value Measurement*[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

– Department store segment
– Supermarket segment

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION (continued)

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 informations regarding the Groups operating segments for the six months ended 30 June 2011 and 2010, respectively.

Six months ended 30 June 2011 (unaudited)	**Department store RMB'000**	**Super– market RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	**810,532**	**1,022,012**	**1,832,544**
Segment results	**371,106**	**111,042**	**482,148**
Reconciliation:			
Interest income and unallocated gains			**63,881**
Corporate and other unallocated expenses			**(41,579)**
Finance costs			**(7,864)**
Profit before tax			**496,586**

Six months ended 30 June 2010 (audited)	Department store RMB'000	Super– market RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	687,938	806,234	1,494,172
Segment results	269,822	100,467	370,289
Reconciliation:			
Interest income and unallocated gains			11,100
Corporate and other unallocated expenses			(22,682)
Finance costs			(51,109)
Profit before tax			307,598

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents segments assets of the Group's operating segments as at 30 June 2011 and 31 December 2010, respectively:

As at 30 June 2011 (unaudited)	**Department store RMB'000**	**Super–market RMB'000**	**Total RMB'000**
Segment assets	**4,419,493**	**716,954**	**5,136,447**
Reconciliation:			
Corporate and other unallocated assets			**1,831,238**
Total assets			**6,967,685**

As at 31 December 2010 (audited)	Department store RMB'000	Super–market RMB'000	Total RMB'000
Segment assets	4,271,407	698,361	4,969,768
Reconciliation:			
Corporate and other unallocated assets			1,741,133
Total assets			6,710,901

Geographical information

All of the Group's revenue is derived from customers based in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Information about a major customer

No sales to a single customer or a group of customers under the common control derived 10% or more of the Group's revenue for the six months ended 30 June 2011 and 2010.

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:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Sales of goods – direct sales	**1,241,460**	1,048,949
Commission income from concessionaire sales *(Note)*	**545,630**	409,141
Total turnover	**1,787,090**	1,458,090
Rental income	**36,757**	28,830
Provision of food and beverage service	**8,697**	7,252
Total revenue	**1,832,544**	1,494,172

Note:

The commission income from concessionaire sales is analysed as follows:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	**3,093,413**	2,247,282
Commission income from concessionaire sales	**545,630**	409,141

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**176,161**	147,722
Interest income	**33,425**	5,170
Subsidy income	**23,204**	116
Others	**7,174**	5,814
	239,964	158,822
Gains		
Fair value gains, net:		
Investments at fair value through profit or loss		
– held for trade	**78**	–
	240,042	158,822

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Interest on bank and other borrowings wholly repayable within five years	**7,864**	44,235
Interest on bank borrowings wholly repayable over five years	**–**	10,517
Less: Interest capitalised	**–**	(3,643)
	7,864	51,109

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Six months ended 30 June	
		2011	2010
		(unaudited)	(audited)
	Notes	**RMB'000**	RMB'000
Cost of inventories sold		**1,065,889**	908,960
Write-back of provision for slow-moving inventories		**(662)**	(1,027)
Depreciation		**100,240**	96,050
Amortization of prepaid land premiums	12	**3,593**	3,718
Amortization of intangible assets	13	**392**	–
Loss on disposal of property, plant and equipment		**9,059**	15
Minimal lease payments under operating lease – land and buildings		**23,653**	20,928
Staff costs		**191,913**	117,990
Fair value (gains)/loss, net:			
Investments at fair value through profit or loss-held for trading		**(78)**	1,425

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 do not have assessable income sourced from Hong Kong during the period.

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

The provision for the People's Republic of China (the "PRC") income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2010: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Current – PRC corporate income tax charge for the period	**131,774**	77,975
Deferred	**8,846**	1,045
Total tax charge for the period	**140,620**	79,020

9. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period		
Final dividends for 2010: HK$7 cents (2009: nil)	**148,908**	–
Dividends on ordinary share proposed (not recognized as a liabilities as at 30 June 2011):		
Proposed interim dividend for 2011: HK$4 cents (30 June 2010: nil)	**82,385**	–

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity holders of the parent of RMB350,081,000 (six-month period ended 30 June 2010: RMB222,596,000) and the weighted average number of ordinary shares of 2,500,000,000 (six-month period ended 30 June 2010: 2,000,000,000 (as if the capitalization issue, described more fully in note 22, had occurred at 1 January 2010)) in issue during the period.

There is no dilutive effect during the period and accordingly, no dilutive earnings per share amount has been presented.

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Carrying amount at 1 January	**3,872,919**	3,719,241
Additions	**420,132**	380,963
Acquisition of subsidiaries	**–**	12
Depreciation provided for the period/year	**(100,240)**	(196,843)
Disposals	**(9,449)**	(8,811)
Disposals of a subsidiary	**–**	(21,643)
Carrying amount at 30 June 2011/31 December 2010	**4,183,362**	3,872,919

At 30 June 2011, the application for or change of property ownership certificate of the Group's land and buildings amounting to RMB1,070,188,000 (31 December 2010: RMB1,034,981,000) was still in progress.

12. PREPAID LAND PREMIUMS

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Carrying amount at 1 January	**395,486**	256,047
Additions	**–**	147,112
Amortisation capitalized as property, plant and equipment for the period/year	**(1,848)**	–
Amortisation recognised as expenses for the period/year	**(3,593)**	(7,673)
Carrying amount at 30 June 2011/ 31 December 2010	**390,045**	395,486

The leasehold land is situated in Mainland China and is held under a long-term lease.

13. INTANGIBLE ASSETS

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Lease agreement buyout		
Carrying amount at 1 January	**–**	–
Additions	**19,800**	–
Amortization expense for the period/year	**(392)**	–
Carrying amount at 30 June 2011/31 December 2010	**19,408**	–

Lease agreement buyout represented the Group's payment to old tenant to buy out lease agreement, and was amortized over the lease terms on straight-line basis.

14. INVENTORIES

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Store merchandise, at cost or net realisable value	**317,461**	411,576
Low value consumable	**1,582**	1,340
	319,043	412,916

15. TRADE RECEIVABLES

All of the Group's sales are on a cash basis except for certain bulk sales of merchandize 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.

16. LOAN AND RECEIVABLE

As at 30 June 2011, the Group granted entrusted loans to certain third parties with principal amounts of RMB555,000,000 which bear interest rates ranging from 5% to 6% per annum with maturity periods of 45 days to 6 months.

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Cash and bank balances	**736,576**	1,332,326
Time deposits	**171,591**	205,230
	908,167	1,537,556
Less:		
Pledged deposits	**(166,438)**	–
Cash and cash equivalents	**741,729**	1,537,556

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

Certain of the Group's time deposits were pledged to a bank for the issue of the letter of credit amounting to HK$200,000,000 (RMB165,938,000 in equivalent).

18. INTEREST-BEARING BANK BORROWINGS

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Bank loans:		
Secured	**–**	122,500
Unsecured	**164,279**	–
Total	**164,279**	122,500
Bank loans repayable:		
Within one year or on demand	**164,279**	10,000
Over one year but within two years	**–**	14,250
Over two years but within five years	**–**	48,750
Over five years	**–**	49,500
Total bank borrowings	**164,279**	122,500
Less: Portion classified as current liabilities	**(164,279)**	(10,000)
Long-term portion	**–**	112,500

The Group's bank loans bears interest at a fixed rate of 1.9% per annum as at 30 June 2011 (31 December 2010: 6.14%).

The carrying amount of the Group's borrowing as at 30 June 2011 was dominated in Hong Kong dollars, amounting to HK$198,000,000, equivalent to RMB164,279,000. The letter of credit as disclosed in note 17 can be requested by the lending bank to settle this borrowing.

19. BILLS PAYABLES

The maturity profile of the Group's bill payable is as follows:

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Over three months but within six months	**500**	–

As at 30 June 2011, the Group's bills payable were secured by pledged of certain of the Group's time deposits amounting to RMB500,000 (31 December 2010: nil).

20. TRADE PAYABLES

The trade payable are non-interest-bearing and are normally settled terms up to 60-day terms.

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

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Within three months	**592,188**	692,302
Over three months but within six months	**66,630**	51,903
Over six months but within one year	**35,677**	33,032
Over one year	**20,217**	17,406
	714,712	794,643

Included in the above balances was an amount due to Shanghai Fengziyi Company Limited (上海風姿逸有限公司) ("Shanghai Fengziyi"), which was 50% owned by a relative of a director, Mr. Chen Jianqiang, of RMB85,000 as at 30 June 2011 (31 December 2010: RMB499,000).

21. LONG-TERM PAYABLES

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Long-term payable for staff costs	**6,545**	–
Long-term portion of accrued rental expenses	**15,717**	13,039
Put options to non-controlling interest shareholders [(i)]	**263,564**	258,175
	285,826	271,214

Note:

(i) Put options were granted to certain non-controlling interest shareholders of a subsidiary to sell their equity interest in the subsidiary to the Group at a pre-determined price in connection with the acquisition of the subsidiary in November 2009. The put option is exercisable from 1 January 2010 and has no expiry date. Holders of the put option need to notify the Group of the exercise of the option in written form before November of a calendar year and the Group has to complete the required transaction and pay the non-controlling interest shareholders before 1 May of the year subsequent to the year in which the notice of the exercise of put options is received. The balance represents the present value of amounts payable by the Group to acquire the non-controlling interests as if such non-controlling interests were fully acquired at each of the reporting date.

22. ISSUED CAPITAL

Authorised

	30 June 2011 (unaudited) Thousands HK$0.01 each	31 December 2010 (audited) Thousands HK$0.01 each
Ordinary shares	**10,000,000**	10,000,000

Ordinary shares issued and fully paid

	Notes	No. of shares at HK$0.01 each Thousands	RMB'000
As at 1 January 2010		14,664	150
Capitalisation issue	*(i)*	1,985,336	17,144
Issue of shares for initial public offering	*(ii)*	500,000	4,295
As at 31 December 2010 and 30 June 2011		2,500,000	21,589

(i) Pursuant to the resolution of shareholder of the Company passed on 30 September 2010, 1,985,336,000 ordinary shares of HK$0.01 each were allotted and issued, converted as fully paid at par, by way of capitalisation of the sum of HK$19,853,360 (equivalent to RMB17,144,000) standing to the credit of the share premium account.

(ii) In connection with the Company's initial public offering, 500,000,000 shares of HK$0.01 each were issued at a price of HK$5.93 per share for a total cash consideration, before expenses, of HK$2,965,000,000 (equivalent to RMB2,546,935,000). Dealings in these shares on the Stock Exchange commenced on 21 October 2010.

23. CONTINGENT LIABILITIES, OPERATING LEASE ARRANGEMENTS AND CAPITAL COMMITMENTS

(a) Contingent liabilities

As at 30 June 2011, neither the Group nor the Company had any significant contingent liabilities.

(b) Operating lease arrangements

Group as lessee

The Group leases certain of its land and buildings under operating lease arrangements with lease terms ranging from one to twenty years.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Within one year	**49,529**	34,342
In the second to fifth years, inclusive	**205,409**	191,272
After five years	**586,156**	523,375
	841,094	748,989

23. CONTINGENT LIABILITIES, OPERATING LEASE ARRANGEMENTS AND CAPITAL COMMITMENTS (continued)

Group as lessor

The Group leases out certain of its land and buildings under operating lease arrangements with lease terms ranging from one to twenty years.

At the end of each reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Within one year	**44,167**	41,640
In the second to fifth years, inclusive	**79,766**	75,088
After five years	**28,374**	33,216
	152,307	149,944

(c) Capital commitments

	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**565,211**	549,678

24. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2011 and 2010.

(a) The Group's transactions with related company for the six months ended 30 June 2011 and 2010 are as follows:

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Commission income from concessionaire sales from related companies	**55**	2,453
Purchase from a related company	**–**	16,843

The concessionaire sale transactions were entered into with Shanghai Fengziyi. is a related company 50% owned by a relative of Mr. Chen Jianqiang, an executive director of the Company, based on mutually agreed terms. The balances due to Shanghai Fengziyi at each reporting date was disclosed in note 20.

(b) Outstanding balances with related party
The Group had balances due to related company at each of the reporting date. Further details of the balances are disclosed in note 20.

(c) Compensation of key management personal of the Group.

	Six months ended 30 June	
	2011	2010
	(unaudited)	(audited)
	RMB'000	RMB'000
Total compensation	**3,383**	2,044

25. EVENTS AFTER THE INTERIM REPORTING PERIOD

At a meeting held on 8 August 2011, the Directors declared an interim dividend of HK$4 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.

CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Directors are in the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practice (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Specific enquiries was made of all Directors and all Directors have confirmed compliance with the required standard set out in the Model Code for the six months ended 30 June 2011.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CHANGE IN INFORMATION OF DIRECTORS

Change in information of the directors of the Company since the Company's last published annual report are set out below:

Mr. Yu Yaoming, aged 41, a senior manager of the Company, was appointed as an executive director and vice-president of the Company with effect from 23 May 2011. Mr. Yu has over 11 years of experience in finance and accounting and is a member of the Chinese Institute of Certified Public Accountants. Mr. Yu joined the Group in October 2007 as a financial director of the Group and 江蘇華地國際控股集團有限公司 (Jiangsu Springland Enterprise Investment Holding Group Co., Ltd).

Mr. Yu has not held any directorship in listed public companies in the last three years. Mr. Yu does not have any relationship with any directors, senior management, or substantial or controlling shareholder of the Company. Mr. Yu has not entered into any service contract with the Company and is not appointed for any specific term but shall be subject to retirement by rotation and re-election at least once every three years in accordance with the Articles of Association of the Company. The emoluments of Mr. Yu have not been fixed but will be determined by the Board with reference to his duties and responsibilities within the Group, performance of the Group, and prevailing market conditions, and will be subject to approval by the Remuneration Committee of the Company.

Mr. Wang Shuaiting, independent non-executive director of the Company, currently is the vice chairman and chief executive officer of China National Travel Service (HK) Group Corporation, a PRC state-owned enterprise under the supervision of the State Council.

From August 2003 to April 2011, Mr. Wang was the vice chairman of the board of directors and executive director of China Resources Power (Holdings) Company Limited. a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee was established on 30 September 2010 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 14 of the Listing Rules. Its members include three independent non-executive Directors, being Dr. Lin Zhijun (Chairman), Dr. Zhang Weijiong and Mr. Wang Shuaiting.

The Audit Committee has held meetings to discuss the auditing, internal controls and financial reporting matters of the Company, including the review of the accounting policies adopted by the Group and issues related to accounting practice; review of the nature and scope of audit; discussion with external auditor and the management on the possible accounting risks. It included a review of the unaudited interim condensed financial statement for the six months ended 30 June 2011.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 30 September 2010 with written terms of reference in compliance with paragraph B.1 of the CG Code. The Remuneration Committee consists of five members, three of whom are independent non-executive Directors, being Dr. Zhang Weijiong (Chairman), Dr. Lin Zhijun and Mr. Wang Shuaiting, and two non-executive Directors being Mr. Wang Lin and Mr. Fung Hiu Chuen, John.

The Remuneration Committee has held one meeting to review the Group's policy on remuneration of all the Directors and senior management during the period.

NOMINATION COMMITTEE

The Nomination Committee was established on 30 September 2010 with written terms of reference in compliance with paragraph A.4.4 of the CG Code. The Nomination Committee consists of five members, three of whom are independent non-executive Directors, being Dr. Zhang Weijiong (Chairman), Dr. Lin Zhijun and Mr. Wang Shuaiting, and two non-executive Directors, being Mr. Wang Lin and Mr. Fung Hiu Chuen, John.

The Nomination Committee has held meetings to review the structure size and composition of the Board and recommend the Board to appoint Mr. Yu Yaoming as an executive director and vice-president of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2011, the interests and short positions of the Directors of the Company in the Shares, underlying Shares and debeutires of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

Long position in the Shares of the Company

Name of director	Nature of Interest	Number of ordinary Shares interested	Approximate percentage of the Company's issued share capital
Mr. Chen Jianqiang	Interest in controlled corporation	1,366,584,000 *(Note (1))*	54.66%

Note:

1. These Shares were held by Netsales Trading Limited and Shanghai Victor Holdings Limited. Shanghai Victor Holdings Limited, a company wholly-owned by Netsales Trading Limited, was interest in 1,834,000 Shares of the Company. Mr. Chen as the sole shareholder of Netsales Trading Limited is deemed to be interested in 1,366,584,000 Shares held by Netsales Trading Limited and Shanghai Victor Holdings Limited.

Long position in the Shares and underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Number and class of shares of the associated corporation held	Approximate percentage of interest in the associated corporation
Mr. Chen Jianqiang	Netsales Trading Limited *(Note (1))*	Beneficial interest	100 ordinary shares	100%
Mr. Chen Jianqiang	Shanghai Victor Holdings Limited *(Note (2))*	Beneficial interest	100 ordinary shares	100%

Note:

1 Netsales Trading Limited was interested in 1,366,584,000 Shares, approximately 54.66% of interest in the Company and is therefore a holding company of the Company. Mr Chen is the sole shareholder of Netsales Trading Limited.

2. Shanghai Victor Holdings Limited, a company wholly-owned by Netsales Trading Limited, was interested in 1,834,000 Shares of the Company.

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2011, so far as is known to any Directors and chief executives of the Company, the following persons (other than the Directors of the Company or chief executive, whose interests have been disclosed in the above section "Directors' and Chief Executives' Interest and Short positions in Shares and Underlying Shares of the Company and its Associated Corporations") had interests of 5% or more in the Shares and underlying Shares of the Company notified to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of ordinary Shares interested [1]	Approximate percentage of the Company's issued share capital
Netsales Trading Limited *(Note (2))*	Beneficial interest	1,366,584,000 L	54.66%
CDH Resource Limited *(Note (3))*	Beneficial interest	382,000,000 L	15.28%
CDH China Growth Capital Fund II, L.P. *(Note (3))*	Interest in controlled corporation	382,000,000 L	15.28%
CDH China Growth Capital Holdings Company Limited *(Note (3))*	Interest in controlled corporation	382,000,000 L	15.28%
China Diamond Holdings II, L.P. *(Note (3))*	Interest in controlled corporation	382,000,000 L	15.28%
China Diamond Holdings Company Limited *(Note (3))*	Interest in controlled corporation	382,000,000 L	15.28%

Notes:

1. The letter "L" denotes the person's long position in such Shares.

2. Netsales Trading Limited is wholly-owned by Mr Chen Jianqiang and Shanghai Victor Holdings Limited is wholly-owned by Netsales Trading Limited. Mr Chen, who is the sole shareholder of Netsales Trading Limited, is deemed to be interested in the Shares held by Netsales Trading Limited and Shanghai Victor Holdings Limited.

3. CDH Resource Limited, a limited liability company incorporated in the British Virgin Islands, is a wholly-owned subsidiary of CDH China Growth Capital Fund II, L.P., an exempted limited partnership organised and existing under the laws of the Cayman Islands. The general partner of CDH China Growth Capital Fund II, L.P. is CDH China Growth Capital Holdings Company Limited, a limited liability company organised and existing under the laws of the Cayman Islands. China Diamond Holdings II, L.P. is the holding company of CDH China Growth Capital Holdings Company Limited, and China Diamond Holdings Company Limited is the general partner of China Diamond Holdings II, L.P.. Each of CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Holdings Company Limited, China Diamond Holdings II, L.P. and China Diamond Holdings Company Limited is deemed to be interested in the Shares held by CDH Resource Limited.

Save as disclosed above, as at 30 June 2011, the Company had not been notified by any persons, other than the Directors and chief executive of the Company, of other interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the resolutions of the Company's shareholders on 30 September 2010. The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

As at the date of this report, no options have been granted under the Share Option Scheme by the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4 cents per ordinary share of the Company for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil) to shareholders whose names appear on the register of members of the Company on 25 August 2011, It is expected that the interim dividend will be paid on or about 7 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 August 2011 to 25 August 2011 (both days inclusive) during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all transfers documents, 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 22 August 2011.