SPRINGLAND

華地國際控股有限公司

Springland International Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code：1700

2012 Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Wang Lin
Mr. Fung Hiu Chuen, John

Independent Non-Executive Directors

Dr. Lin Zhijun
Dr. Zhang Weijiong
Mr. Wang Shuaiting

AUDIT COMMITTEE

Dr. Lin Zhijun *(Chairman)*
Dr. Zhang Weijiong
Mr. Wang Shuaiting

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Hon Yin Wah, Eva

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite1508, 15/F Cityplaza Four
12 Taikoo Wan Road
Tai Koo Shang, Island East
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

STOCK CODE

1700

COMPANY WEBSITE

www.springlandgroup.com.cn

CHAIRMAN'S STATEMENT

In 2012, the global economy is at a precarious stage and downside risks have risen sharply. The most salient risk is from an intensification of feedback loops between sovereign and bank funding pressures in the euro area, resulting in more protracted bank deleveraging and sizable contractions in credit and output in both Europe and elsewhere. China's economic growth has been very good for quite some years. However, the weak global environment has led to lower their growth forecasts for the PRC. Growth is expected to fall to 7.5% this year. It is the lower growth rate since 2006. Inflation has peaked at 6.5% in July 2011 and fell to 4.1% at the end of 2011 and continued to fall steadily in the first half of 2012. As an indicator of economic environment, retail sales will be slow but its growth rates are still high in comparison with most other industries. The government's effort to encourage consumption through policies to boost income will be the main drivers of economic growth.

Majority of the Group's sales proceed and profit are contributed from Jiangsu Province. In the first half year of 2012, the overall economy and development of Jiangsu Province is stable and good. The GDP for Jiangsu Province increases by 9.9% to RMB2,538 billion. Retail market still records a remarkable performance along with rapid growth of middle class population as well as steady increasing income even though a complex and volatile retail environment is still affecting the market. Total retail sales of consumer product of Jiangsu Province increased by 14.9% to RMB889 billion. The urban residents disposable income per capita is RMB15,655 increased by 13.9%.

The blooming of shopping malls, which will affect the development of department store business, results from extremely rapid growth of commercial property business in China. The supermarket business in the booming stage with fierce competition. Retailers are scrambling to expand across China where substantial growth in demand is expected. Global retailers will continue their expansion to capture opportunities in China amidst intense local competition.

BUSINESS REVIEW

For the half year ended 30 June 2012, the Group's total sales proceeds recorded RMB5.0 billion, representing an increase of 14.3% compared to the same period last year. Of the total sales proceeds, the department store business has achieved total sale proceeds of RMB3.8 billion, representing an increase of 14.9% compared to the same period last year; same store sales growth increased by 12.1% compared to the same period last year. The supermarket business achieved RMB1.2 billion, representing an increase of 12.3% over the same period last year. The Group maintains a sustainable growth and profit for the period which is RMB395.8 million, representing an increase of 11.2% over the same period last year. The Group will continue to strengthen the position in Greater Yangtze River Delta Region to enhance the operational efficiency of the Group and to create a sustainable growth. The Group strives to become the most professional regional retail operator in the PRC.

Starting from the end of 2011, the Group has optimized the headcount and process in order to ensure rational allocation of employees and their positions. Improvement in labor and system efficiency and concurrent employee's income relatively lead to industry level. Currently, the optimization shows initial results. The efficiency of labor on same store basis for both department store business and supermarket business has been improved. As a long-term strategy plan, we expect to be the benchmark on efficiency of labor and income for the industry.

CHAIRMAN'S STATEMENT

During the year, the Group will keep on upgrading the department customer relation management system ("CRM system"). Promotion of "Privilege Sales for Members" becomes routine event. By introducing customer-oriented services, experiential consumption and cross industries alliance for exploring new clientele are the keys to enable the Group being an innovator on market. Moreover, keeping a proficient mutual communication network for customers and frequent review on maintenance of client base results in an increase on higher level of customer satisfactory and their loyalty. For the six months period ended 30 June 2012, VIP consumption accounted for 56% of total sales proceeds in department store business. The Group will focus on the continuous improvement and upgrading the CRM system strategically.

DEVELOPMENT STRATEGY

The Group will commit to the development of its business in the Greater Yangtze River Delta Region focusing on provinces such as Jiangsu Province, Anhui Province, and the northern Zhejiang region. For the business development, the Group firstly focuses on the cities with good economic prospectus or strong market potential by intensifying its market share. Based on encouraging experience in Zhenjiang Yaohan Store, the Group will study the success mode for shopping mall by taking advantage of operating both department stores and supermarkets. Hence, shopping malls will be opened and major portion of the retails will be operated by the Group in Yixing and Jiaxing with Springland's charisma. In July 2012, the Group successfully bid for the land use rights of the land with a total site area of approximately 30,000 square meters in Jiaxing City, Zhejiang Province, the PRC and plans to develop the land into an advanced shopping mall with estimated gross floor area of 144,100 square meters.

For department store operation, the Group will focus on "Customer", "Staff" and "Concessionaire"- three major divers of retails. The Group will further study and invest strategically in customer's behavior by employing CRM system, motivate the employees' enthusiasm and responsibility for their positions. The Group will maintain good relationship with the concessionaire and work closely together to maximize the value of target customers. Position of supermarket will be innovative community based. The supermarket serves consumer groups with higher income level demanding a good quality of life. The Group will further enhance our existing strengths and build core competitiveness on "food product". Fresh food and packed food products will be under spotlight and the Group will focus on setting up an efficient refrigeration system for fresh products. In particular, fullness, merchantability, freshness, health and save are the four key concerns. We will construct and build product development, technology development and training.

PROSPECT

The world economic is still not optimistic for the second half of 2012. Economic development and growth becomes lesser, changes rapidly and harsh in competition that impact all business operations. We are firm on our strategies set-up and investments. We will review and adjust corporate structure and working procedures in time. In the revolution of retail industry, we plan ahead and are confidence to face challenges and opportunities.

I would like to express my appreciation for the great contribution of the entire Board, senior management and staff members. Meanwhile, I would like to thank our shareholders and business partners for their continuous support.

Chen Jianqing
Chairman

7 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

TSP[1,2] and Revenue

For the six months period ended 30 June 2012, TSP of the Group increased to RMB4,996.4 million, representing an increase of 14.3% as compared to the same period in 2011. TSP are generated from both the department store and supermarket business. TSP of the department store and supermarket businesses increased to RMB3,770.4 million and RMB1,226.0 million, representing an increase of approximately 14.9% and 12.3% respectively from the same period in 2011.

	For the six months period ended 30 June					
	2012			2011		
	Department store business	**Supermarket business**	**Total**	Department store business	Supermarket business	Total
			(RMB millions)			
Direct sales	**163.3**	**1,104.0**	**1,267.3**	256.0	985.5	1,241.5
Commission income from concessionaire sales	**618.5**	**16.2**	**634.7**	531.5	14.1	545.6
Rental income	**25.0**	**18.8**	**43.8**	23.0	13.7	36.7
Provision of food and beverage services	**–**	**8.5**	**8.5**	–	8.7	8.7
Revenue	**806.8**	**1,147.5**	**1,954.3**	810.5	1,022.0	1,832.5
Add/(less)						
Provision of food and beverage services	**–**	**(8.5)**	**(8.5)**	–	(8.7)	(8.7)
Commission income from concessionaire sales	**(618.5)**	**(16.2)**	**(634.7)**	(531.5)	(14.1)	(545.6)
Gross revenue of concessionaire sales	**3,582.1**	**103.2**	**3,685.3**	3,001.1	92.3	3,093.4
TSP	**3,770.4**	**1,226.0**	**4,996.4**	3,280.1	1,091.5	4,371.6
Representing:						
Direct sales	**163.3**	**1,104.0**	**1,267.3**	256.0	985.5	1,241.5
Gross revenue of concessionaire sales	**3,582.1**	**103.2**	**3,685.3**	3,001.1	92.3	3,093.4
Rental income	**25.0**	**18.8**	**43.8**	23.0	13.7	36.7
TSP	**3,770.4**	**1,226.0**	**4,996.4**	3,280.1	1,091.5	4,371.6
Same store sales growth[3]	**12.1%**[4]	**1.0%**				

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

2 Total sales proceeds of department store business excluded sales proceeds generated from Zhenjiang Commercial Building and Zhenjiang Hengsheng Shopping Plaza. The Group holds 50% equity interests of the stores through a jointly-controlled entity.

3 Same store sales growth represents the change in TSP for stores with operations through the comparable period.

4 Same store sales growth excluded TSP generated from Liyang Yaohan Store and Danyang Springland Store as both stores were closed down floor by floor for renovation during July to December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Department store business:

For the six months period ended 30 June 2012, TSP from the department store business grew to RMB3,770.4 million and was mainly attributable to same store sales growth of approximately 12.1%. For the six months period ended 30 June 2012, concessionaire sales contributed approximately 95.0% (30 June 2011: 91.5%) to TSP within the department store business. Direct sales accounted for approximately 4.3% (30 June 2011: 7.8%) of TSP of the department store business.

TSP derived from Wuxi Yaohan Department Store, as a percentage of TSP of the department store business, decreased from approximately 22.6% to 20.8% for the six months period ended 30 June 2012. The aggregate contribution to TSP from the five largest stores decreased from approximately 69.9% to 66.5% in the same period. Stores opened in 2010 and 2011 are expected to become the new driving force for the department store business and the Group's sales growth.

The proportion of sales proceeds of department stores from various merchandise categories for the six months period ended 30 June 2012 and the same period in 2011 are as follows: Fashion and apparel accounted for approximately 40.9% (30 June 2011: 41.6%); merchandise related to cosmetics and accessories accounted for approximately 28.4% (30 June 2011: 25.4%); footwear accounted for approximately 11.1% (30 June 2011: 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 19.6% (30 June 2011: 22.1%).

Supermarket business:

For the six months period ended 30 June 2012, TSP of supermarket business reached RMB1,226.0 million and the grew was mainly attributable to new stores. For the six months period ended 30 June 2012, direct sales contributed approximately 90.0% (30 June 2011: 90.3%) and concessionaires sales accounted for approximately 8.4% (30 June 2011: 8.5%) of TSP of the supermarket business.

The aggregate contribution to TSP generated from the five largest supermarkets decreased from approximately 54.5% to 48.1% for the six months period ended 30 June 2012. The new supermarkets accounted for 13.5% of TSP for the supermarket business during that period.

The proportion of sales proceeds of supermarkets from various merchandise categories for the six months period ended 30 June 2012 and the same period in 2011 are as follow: Fresh food accounted for approximately 33.8% (30 June 2011: 32.5%); dry foods accounted for approximately 34.2% (30 June 2011: 35.4%), non-food accounted for approximately 27.0% (30 June 2011: 27.0%), and the remaining categories, including rental income and others, accounted for the remaining 5.0% (30 June 2011: 5.1%).

For the six months period ended 30 June 2012, the revenue of the Group amounted to RMB1,954.3 million, representing an increase of 6.6% as compared to the same period last year. Revenue from the department store business decreased to approximately RMB806.8 million, representing a drop of 0.5% as compared to the same period last year. Revenue from the supermarket business increased to approximately RMB1,147.5 million, representing an increase of 12.3% as compared to the same period last year. The drop in revenue of the department store business was due to the decrease in direct sales larger than the increase in commission income from concessionaire sales. Sales model of electronic appliances changed from direct sales to concessionaire sales resulted drop in direct sales amount.

Commission Rate from Concessionaire Sales and Gross Margin from Direct Sales

Commission income from concessionaire sales for department store business:

For the six months period ended 30 June 2012, the commission rate from concessionaire sales was 17.3%, representing a reduction of 0.4 percentage point from 17.7% of the same period in 2011. The decrease was mainly due to combine of the increased contribution from merchandise related to electronic appliances, 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[5] was approximately 20.9% for six months period ended 30 June 2012 representing almost the same as compared to 20.8% for the same period in 2011.

Revenue from direct sales for supermarket business:

Gross margin from direct sales for supermarket business was approximately 15.0% for the six months period ended 30 June 2012, representing an increase of 0.7 percentage point as compared to 14.3% for the same period in 2011. Comprehensive Gross Margin was 25.4% for the six months period ended 30 June 2012 (30 June 2011: 24.0%). The Group intends to keep gross margin from direct sales and its Comprehensive Gross Margin stable by expanse the sales contributions from fresh food products, increase food quality and reduce wastage by invest in equipment and technical input.

Other income and gains

	For the six months period ended 30 June							
	2012				2011			
	Department store business	**Supermarket business**	**Headquarter**	**Total**	Department store business	Supermarket business	Headquarter	Total
				(RMB millions)				
Other operating income	**119.0**	**101.3**	**-**	**220.3**	92.4	83.8	–	176.2
Other non-operating income	**-**	**-**	**74.8**	**74.8**	–	–	63.8	63.8
	119.0	**101.3**	**74.8**	**295.1**	92.4	83.8	63.8	240.0
Percentage of TSP	**3.2%**	**8.3%**	**-**	**-**	2.8%	7.7%	–	–

Other income and gains included other operating income and other non-operating income. Other operating income primarily consisted of fee income from suppliers including promotion fees, management fees paid by suppliers for participating in our promotional activities, reimbursing electricity charge and material etc. Other non-operating income included interest income, Government subsidy income and investments income.

5 Comprehensive Gross Margin is calculated as comprehensive gross profit divided by TSP. 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.

Purchases of and changes in inventories

Purchases of and changes in inventories represented the cost of merchandise that we purchased from suppliers for resale under the direct sales business model. For the six months period ended 30 June 2012, purchases of and change in inventories increased to approximately RMB1,077.3 million, representing an increase of 1.1% as compared to the same period last year. The growth was generally in line with the increase of direct sales.

Expenses

	For the six months period ended 30 June							
	2012				2011			
	Department store business	**Supermarket business**	**Headquarter**	**Total**	Department store business	Supermarket business	Headquarter	Total
				(RMB millions)				
Staff costs	**103.9**	**90.0**	**31.6**	**225.5**	89.7	72.8	29.4	191.9
Depreciation and amortisation	**93.6**	**26.4**	**1.7**	**121.7**	82.2	20.3	1.8	104.3
Rental expenses	**7.8**	**24.7**	**0.9**	**33.4**	7.1	18.3	0.9	26.3
Other expenses								
Other operating costs	**154.2**	**50.1**	**–**	**204.3**	131.8	39.2	–	171.0
Non-operating costs	**–**	**–**	**17.1**	**17.1**	–	–	9.4	9.4
	359.5	**191.2**	**51.3**	**602.2**	310.8	150.6	41.5	502.9
Percentage of TSP								
Staff costs	**2.8%**	**7.3%**	**n/a**	**4.5%**	2.7%	6.7%	n/a	4.4%
Depreciation and amortisation	**2.5%**	**2.2%**	**n/a**	**2.4%**	2.5%	1.9%	n/a	2.4%
Rental expenses	**0.2%**	**2.0%**	**n/a**	**0.7%**	0.2%	1.7%	n/a	0.6%
Other expenses	**4.1%**	**4.1%**	**n/a**	**4.4%**	4.0%	3.6%	n/a	4.1%
Total	**9.5%**	**15.6%**	**n/a**	**12.0%**	9.4%	13.9%	n/a	11.5%

Staff costs

Our concessionaires and direct sales suppliers are responsible for all staff costs related to their employees who operate the sales counters in our stores. For the six months period ended 30 June 2012, staff costs was increased by 17.5% to approximately RMB225.5 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 TSP increased to approximately 4.5%, representing a rise of 0.1 percentage point as compared to 4.4% for the same period in 2011.

Depreciation and amortisation

Depreciation and amortisation primarily consist of the depreciation of property, plant and equipment and amortisation of the prepaid land premium and other intangible assets. For the six months period ended 30 June 2012, depreciation and amortisation were increased by 16.8% to approximately RMB121.7 million. The increase was primarily due to the inclusion of the depreciation and amortisation charges recognised for new stores opened during the period.

Total depreciation and amortisation expenses of the Group as a percentage of TSP maintained at approximately 2.4% which was the same as compared to the same period in 2011.

Rental expenses

Rental expenses primarily consist of rental fees for premises leased for the operation of department stores, supermarkets and office premises. Rental expenses remained stable at RMB33.4 million for the six months period ended 30 June 2012. Rental expenses of the Group as a percentage of TSP increased to approximately 0.7%, representing an increase of 0.1 percentage point from 0.6% for the same period in 2011.

Other expenses

Other expenses primarily included other operating costs and non-operating costs. Other operating costs consisted of the costs of utilities, water and electricity, advertising and promotion related expenses, office expenses, decoration and renovation expenses, costs of maintenance and consumables, travelling expenses, bank charges, insurance, property taxes, entertainment expenses, government surcharges and various other costs and expenses. Other non-operating costs consisted of professional fees and loss on disposal of property, plant and equipment.

Other expenses increased by 22.7% to approximately RMB221.4 million for the six months period ended 30 June 2012.

Finance costs

The Group incurred total interest expenses of RMB17.4 million, an increase of 2.2 times from the same period of 2011. The increase was due to the increase of syndicated loans and short-term borrowings during the period. During the period, approximately RMB5.6 million of the interest expenses has been capitalized as property under development in respect of the Changxing store project.

Shares of losses of a Jointly-controlled entity

This is the share of losses from Zhenjiang Baisheng Commercial Center Co., Ltd., a jointly-controlled entity of the Company.

Profit from operations and operating margin

	For the six months period ended					
	2012			2011		
	Department Store business	Supermarket business	Total	Department Store business	Supermarket business	Total
			(RMB millions)			
TSP	**3,770.4**	**1,226.0**	**4,996.4**	3,280.1	1,091.5	4,371.6
Revenue	**806.8**	**1,147.5**	**1,954.3**	810.5	1,022.0	1,832.5
Profit from operation	**426.4**	**119.7**	**546.1**	371.1	110.0	482.1
Head office and non-operating and unallocated expenses						
Interest and unallocated gains			**74.8**			63.8
Corporate and other unallocated expenses			**(51.5)**			(41.5)
Finance costs			**(17.4)**			(7.8)
Profit before tax			**552.0**			496.6

Profit from operations increased from approximately 13.3% to approximately RMB546.1 million for the six months period ended 30 June 2012. Profit from operations for the department store business increased by approximately 14.9% to approximately RMB426.4 million. Operation margin as a percentage of TSP for department stores maintained at approximately 11.3% which was the same as compared to the same period in 2011. For the supermarket business, profit from operations increased by approximately 7.8% to approximately RMB119.7 million and operating margin as a percentage of TSP decreased to approximately 9.8%, representing a drop of 0.4 percentage point from 10.2% for the same period of 2011.

Profit before tax

Profit before tax reached RMB552.0 million for the six months period ended 30 June 2012, representing an increase of 11.2% from the same period in 2011. The rise in profit before tax was generally in line with the rise in profit from operations.

Profit for the period attributable to owners of the parent

Profit attributable to owners of the parent company increased to approximately RMB391.4 million for the six months period ended 30 June 2012, representing a growth of approximately 11.8% from the same period in 2011. The net profit margin in term of TSP kept at 7.8% for the six months ended 30 June 2012 (30 June 2011: 8.0%). The net profit margin in term of revenue increased to approximately 20.0% from 19.1%.

Profit for the period reached RMB395.8 million for the six months period ended 30 June 2012. Basic earnings per share were RMB16 cents for the six months period ended 30 June 2012.

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. In order to take advantage of interest rate spreads among different currencies, the Group mainly borrowed bank loans denominated in HKD and USD.

As at 30 June 2012, the Group was in net cash position. The Group's cash and near cash instruments (including bank balances, cash and investments at fair value through profit and loss) stood at approximately RMB2,497.2 million (31 December 2011: RMB2,169.0 million), whereas the Group had short-term bank loan of RMB796.3 million (31 December 2011: RMB87.2 million).

Total assets of the Group as at 30 June 2012 amounted to approximately RMB9,203.0 million (31 December 2011: RMB8,752.9 million), whereas total liabilities amounted to approximately RMB4,867.0 million (31 December 2011: RMB4,593.0 million), resulting in a net asset position of RMB4,336.0 million (31 December 2011: RMB4,159.9 million).

As at 30 June 2012, the gearing ratio, calculated by total interest-bearing bank borrowings divided by total assets of the Group increased to 17.8% (31 December 2011: 10.6%).

CONTINGENT LIABILITIES

As at 30 June 2012, neither the Group nor the Company had any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2012, no assets of the Group were pledged.

FOREIGN EXCHANGE EXPOSURE

The Group conducted its business operations in the PRC and its revenues and expenses were denominated in RMB. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Certain of the Group's bank balances, bank loans and deposits were denominated in HKD or USD which exposed the Group to foreign exchange risks attributable to fluctuations in exchange rates between HKD/USD and RMB. Hedging instruments including swaps and forwards have been used.

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

HUMAN RESOURCES

As at 30 June 2012, the Group employed a total of approximately 7,689 full-time employees, of which 3,197 served the department store business and of which 4,315 served the supermarket business (31 December 2011: 7,329 full-time employee, of which 3,161 served the department store business and of which 3,990 served the supermarket business). Employees included management, sales people, workers for the logistics support system and other supporting staff. The Group's remuneration policy is primarily based on duties, performance and length of service of each individual employees 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 2012, no share option was granted by the Group under the Share Option Scheme.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months period ended 30 June 2012

		For the six months period ended 30 June	
		2012	2011
		(unaudited)	(unaudited)
	Notes	**RMB'000**	RMB'000
REVENUE	*4*	**1,954,320**	1,832,544
Other income and gains	*5*	**295,086**	240,042
Purchase of and changes in inventories		**(1,077,289)**	(1,065,227)
Staff costs		**(225,483)**	(191,913)
Depreciation and amortisation		**(121,741)**	(104,225)
Rental expenses		**(33,353)**	(26,331)
Other expenses		**(221,447)**	(180,440)
Finance costs	*6*	**(17,421)**	(7,864)
Share of losses of a jointly-controlled entity		**(678)**	–
PROFIT BEFORE TAX	*7*	**551,994**	496,586
Income tax expense	*8*	**(156,174)**	(140,620)
PROFIT FOR THE PERIOD		**395,820**	355,966
Attributable to:			
Owners of the parent		**391,409**	350,081
Non-controlling interests		**4,411**	5,885
		395,820	355,966
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*10*	**0.16**	0.14

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2012

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**395,820**	355,966
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(241)**	2,876
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**395,579**	358,842
Attributable to:		
Owners of the parent	**391,168**	352,957
Non-controlling interests	**4,411**	5,885
	395,579	358,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**4,954,606**	4,456,341
Prepaid land premiums	*12*	**468,225**	384,469
Other intangible assets	*13*	**46,007**	47,541
Goodwill		**127,439**	127,439
Investment in a jointly-controlled entity		**266,961**	267,639
Available-for-sale investments		**2,310**	2,310
Long-term prepayments		**285,948**	590,928
Deferred tax assets		**39,374**	30,857
Total non-current assets		**6,190,870**	5,907,524
CURRENT ASSETS			
Inventories	*14*	**251,912**	457,990
Trade receivables	*15*	**14,162**	9,981
Prepayments, deposits and other receivables		**248,835**	208,474
Investments at fair value through profit or loss	*16*	**662,526**	30,023
Cash and cash equivalents	*16*	**1,834,650**	2,138,947
Total current assets		**3,012,085**	2,845,415
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*17*	**796,287**	87,192
Trade payables	*18*	**797,857**	1,032,286
Other payables and accruals		**1,711,645**	1,944,383
Derivative financial liabilities		**1,758**	–
Tax payable		**62,959**	53,610
Total current liabilities		**3,370,506**	3,117,471
NET CURRENT LIABILITIES		**(358,421)**	(272,056)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,832,449**	5,635,468

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	**30 June 2012 (unaudited) RMB'000**	31 December 2011 (audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*17*	**844,675**	837,784
Long-term payables	*19*	**286,686**	279,786
Deferred tax liabilities		**365,088**	358,004
Total non-current liabilities		**1,496,449**	1,475,574
Net assets		**4,336,000**	4,159,894
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*20*	**21,589**	21,589
Reserves		**4,283,989**	3,904,716
Proposed final dividend		**–**	202,675
		4,305,578	4,128,980
Non-controlling interests		**30,422**	30,914
Total equity		**4,336,000**	4,159,894

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2012

	Attributable to owners of the parent											
	Issued capital *RMB'000*	Share premium *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Discretionary reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained earnings *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
(unaudited)												
At 1 January 2012	**21,589**	**2,308,044**	**(1,512)**	**(9,763)**	**323,331**	**33,710**	**(10,774)**	**1,261,680**	**202,675**	**4,128,980**	**30,914**	**4,159,894**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**391,409**	**-**	**391,409**	**4,411**	**395,820**
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**(241)**	**-**	**-**	**(241)**	**-**	**(241)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(241)**	**391,409**	**-**	**391,168**	**4,411**	**395,579**
Re-recognition of non-controlling interests related to put option	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228,185**	**228,185**
Final 2011 dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(202,675)**	**(202,675)**	**-**	**(202,675)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,299)**	**(8,299)**
Acquisition of non-controlling interests	**-**	**-**	**-**	**(729)**	**-**	**-**	**-**	**-**	**-**	**(729)**	**(3,804)**	**(4,533)**
Derecognition of non-controlling interests and recognition of the difference between the derecognised non-controlling interests and the liability of the put option	**-**	**-**	**-**	**(11,166)**	**-**	**-**	**-**	**-**	**-**	**(11,166)**	**(220,985)**	**(232,151)**
At 30 June 2012	**21,589**	**2,308,044**	**(1,512)**	**(21,658)**	**323,331**	**33,710**	**(11,015)**	**1,653,089**	**-**	**4,305,578**	**30,422**	**4,336,000**
(unaudited)												
At 1 January 2011	21,589	2,593,104	(1,512)	(10,011)	181,519	33,710	(4,048)	822,953	148,908	3,786,212	30,170	3,816,382
Profit for the period	–	–	–	–	–	–	–	350,081	–	350,081	5,885	355,966
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	2,876	–	–	2,876	–	2,876
Total comprehensive income for the period	–	–	–	–	–	–	2,876	350,081	–	352,957	5,885	358,842
Re-recognition of non-controlling interests related to put option	–	–	–	–	–	–	–	–	–	–	222,547	222,547
Final 2010 dividend paid	–	–	–	–	–	–	–	–	(148,908)	(148,908)	–	(148,908)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(4,620)	(4,620)
Derecognition 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	(1,512)	(14,285)	181,519	33,710	(1,172)	1,173,034	–	3,985,987	30,327	4,016,314

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2012

		For the six months period ended 30 June	
		2012	2011
		(unaudited)	(unaudited)
	Note	**RMB'000**	RMB'000
Net cash flows from operating activities		**351,727**	520,709
Net cash flows used in investing activities		**(1,358,197)**	(1,112,222)
Net cash flows from/(used in) financing activities		**481,963**	(7,113)
Net decrease in cash and cash equivalents		**(524,507)**	(598,626)
Cash and cash equivalents at beginning of period		**1,945,929**	1,332,326
Effect of foreign exchange rate changes, net		**(241)**	2,876
Cash and cash equivalents at end of period		**1,421,181**	736,576
Analysis of balances of cash and cash equivalents			
Cash and bank balances	*16*	**1,421,181**	736,576

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 period ended 30 June 2012 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 2011.

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 2011, except for the adoption of the new standards and interpretations as of 1 January 2012, noted below:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

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.

IFRS 1 Amendments	*First-time adoption of International Financial Reporting Standard*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments*: *Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
IAS 19 (2011)	*Employee Benefits*[2]
IAS 27 (2011)	*Separate Financial Statement*[2]
IAS 28 (2011)	*Investments in Associates*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Improvements to IFRSs 2009-2011 Cycle	*Amendments to a number of IFRSs issued in May 2012*[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

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 this 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 Group's operating segments for the six months period ended 30 June 2012 and 2011, respectively:

For the six months period ended 30 June 2012 (unaudited)	**Department store RMB'000**	**Super–market RMB'000**	**Total RMB'000**
Segment revenue			
Sales to external customers	**806,810**	**1,147,510**	**1,954,320**
Segment results	**426,387**	**119,689**	**546,076**
Reconciliation:			
Interest income and unallocated gains			**74,794**
Corporate and other unallocated expenses			**(51,455)**
Finance costs			**(17,421)**
Profit before tax			**551,994**

For the six months period 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

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents segments assets of the Group's operating segments as at 30 June 2012 and 31 December 2011, respectively:

As at 30 June 2012 (unaudited)	**Department store RMB'000**	**Super–market RMB'000**	**Total RMB'000**
Segment assets	**5,552,584**	**917,551**	**6,470,135**
Reconciliation:			
Corporate and other unallocated assets			**2,732,820**
Total assets			**9,202,955**

As at 31 December 2011 (audited)	Department store RMB'000	Super–market RMB'000	Total RMB'000
Segment assets	5,375,065	1,050,387	6,425,452
Reconciliation:			
Corporate and other unallocated assets			2,327,487
Total assets			8,752,939

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 period ended 30 June 2012 and 2011.

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	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Sales of goods – direct sales	**1,267,334**	1,241,460
Commission income from concessionaire sales *(Note)*	**634,697**	545,630
Total turnover	**1,902,031**	1,787,090
Rental income	**43,759**	36,757
Provision of food and beverage service	**8,530**	8,697
Total revenue	**1,954,320**	1,832,544

Note:

The commission income from concessionaire sales is analysed as follows:

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Gross revenue from concessionaire sales	**3,685,324**	3,093,413
Commission income from concessionaire sales	**634,697**	545,630

5. OTHER INCOME AND GAINS

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**220,292**	176,161
Interest income	**11,954**	33,425
Subsidy income	**17,243**	23,204
Others	**3,831**	7,174
	253,320	239,964
Gains		
Gains on disposal of investments at fair value through profit or loss	**29,263**	–
Fair value gains, net:		
Investments at fair value through profit or loss – held for trade	**12,503**	78
	41,766	78
	295,086	240,042

6. FINANCE COSTS

	For the six month period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank borrowings wholly repayable within five years	**23,049**	7,864
Less: Interest capitalised	**(5,628)**	–
	17,421	7,864

7. PROFIT BEFORE TAX

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

		For the six months period ended 30 June	
	Notes	**2012 (unaudited) RMB'000**	2011 (unaudited) RMB'000
Cost of inventories sold		**1,073,768**	1,065,889
Provision/(write-back of provision) for slow-moving inventories		**3,521**	(662)
Depreciation	11	**115,439**	100,240
Amortisation of prepaid land premiums	12	**4,769**	3,593
Amortisation of other intangible assets	13	**1,534**	392
Loss on disposal of property, plant and equipment		**440**	9,059
Minimal lease payments under operating lease – land and buildings		**33,353**	23,653
Staff costs		**225,483**	191,913
Fair value losses/(gains), net:			
Investments at fair value through profit or loss – held for trading		**(12,503)**	(78)
Derivative financial liabilities – transactions not qualifying as hedges		**1,932**	–

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 operated. The Group and the Company are not liable for income tax in Hong Kong as they do not have assessable income sourced from Hong Kong during the period.

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

The provision for the People's Republic of China (the "PRC") income tax has been provided at the applicable income tax rate of 25% (six months period ended 30 June 2011: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

	For the six months period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Current – PRC corporate income tax charge for the period	**157,607**	131,774
Deferred	**(1,433)**	8,846
Total tax charge for the period	**156,174**	140,620

9. DIVIDENDS

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period		
Final dividends for 2011: HK10 cents (2010: HK7 cents)	**202,675**	148,908
Dividends on ordinary share proposed (not recognised as a liability as at 30 June):		
Proposed interim dividend for 2012: HK4 cents (2011: HK4 cents)	**81,663**	82,385

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to the ordinary equity holders of the parent of RMB391,409,000 (six months period ended 30 June 2011: RMB350,081,000) and the weighted average number of ordinary shares of 2,500,000,000 (six months period ended 30 June 2011: 2,500,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period.

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2012	31 December 2011
	(unaudited)	(audited)
	RMB'000	RMB'000
Carrying amount at 1 January	**4,456,341**	3,872,919
Additions	**615,052**	807,057
Depreciation provided for the period/year	**(115,439)**	(211,756)
Disposals	**(1,348)**	(11,879)
Carrying amount at 30 June 2012/31 December 2011	**4,954,606**	4,456,341

At 30 June 2012, the application for or change of property ownership certificate of the Group's land and buildings amounting to RMB485,786,000 (31 December 2011: RMB488,993,000) was still in progress.

12. PREPAID LAND PREMIUMS

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Carrying amount at 1 January	**384,469**	395,486
Additions	**90,403**	–
Amortisation capitalised as property, plant and equipment for the period/year	**(1,878)**	(3,125)
Recognised as expenses for the period/year	**(4,769)**	(7,892)
Carrying amount at 30 June 2012/31 December 2011	**468,225**	384,469

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

13. OTHER INTANGIBLE ASSETS

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Lease agreement buyouts		
Carrying amount at 1 January	**47,541**	–
Additions	**–**	48,492
Recognised as expense for the period/year	**(1,534)**	(951)
Carrying amount at 30 June 2012/31 December 2011	**46,007**	47,541

The lease agreement buyouts represented the Group's payment to old tenant to buy out lease agreements, and were amortised over the lease terms on straight-line basis.

14. INVENTORIES

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Store merchandise, at cost or net realisable value	**249,381**	454,839
Low value consumables	**2,531**	3,151
	251,912	457,990

15. 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.

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND CASH AND CASH EQUIVALENTS

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Investments at fair value through profit or loss (i)	**662,526**	30,023
Cash and cash equivalents (ii)	**1,834,650**	2,138,947
	2,497,176	2,168,970

Note:

(i) Investments at fair value through profit or loss mainly include wealth management products purchased from banks. The above investments as at 30 June 2012 and 31 December 2011 were classified as held for trading.

(ii)

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Cash and bank balances	**1,421,181**	1,945,929
Time deposits	**413,469**	193,018
Cash and cash equivalents	**1,834,650**	2,138,947

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 one month and nine months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and time deposits approximate to their fair values.

17. INTEREST-BEARING BANK BORROWINGS

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Unsecured bank loans	**1,640,962**	924,976
Bank loans repayable:		
Within one year or on demand	**796,287**	87,192
Over one year but within two years	**182,398**	181,706
Over two years but within five years	**662,277**	656,078
Total bank borrowings	**1,640,962**	924,976
Less: Portion classified as current liabilities	**(796,287)**	(87,192)
Long-term portion	**844,675**	837,784

Bank loans bear interest at fixed rates and floating rates.

The Group's bank loans bears interest at 3.1% per annum as at 30 June 2012 (31 December 2011: 3.75%).

The carrying amounts of the Group's borrowing as at 30 June 2012 were dominated in United States dollars, Hong Kong dollars and RMB, with amount of US$227,291,750 (equivalent to RMB1,437,174,000), HK$224,437,500 (equivalent to RMB183,386,000) and RMB20,400,000 respectively.

18. TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled terms up to 60-days.

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

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within three months	**688,414**	930,473
Over three months but within six months	**52,079**	47,072
Over six months but within one year	**33,397**	33,239
Over one year	**23,967**	21,502
	797,857	1,032,286

Included in the above balances was an amount due to Shanghai Fengziyi Company Limited (上海風姿逸有限公司) ("Shanghai Fengziyi"), which was 50% owned by a relative of a director, Mr. Chen Jianqiang, of RMB111,000 as at 31 December 2011.

19. LONG-TERM PAYABLES

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Long-term portion of accrued rental expenses	**19,155**	16,221
Put options to non-controlling interest shareholders [(i)]	**267,531**	263,565
	286,686	279,786

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 dates.

20. ISSUED CAPITAL

Authorised

	30 June 2012 (unaudited) Number of shares at HK$0.01 each Thousands	31 December 2011 (audited) Number of shares at HK$0.01 each Thousands
Ordinary shares	**10,000,000**	10,000,000

Ordinary shares issued and fully paid

	Number of shares at HK$0.01 each Thousands	RMB'000
As at 31 December 2011 and 30 June 2012	**2,500,000**	**21,589**

21. CONTINGENT LIABILITIES, OPERATING LEASE ARRANGEMENTS AND CAPITAL COMMITMENTS

(a) Contingent liabilities

As at 30 June 2012, 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 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within one year	**51,498**	52,261
In the second to fifth years, inclusive	**335,146**	323,231
After five years	**1,173,883**	1,201,075
	1,560,527	1,576,567

Group as lessor

The Group leases out certain of its land and buildings under operating lease arrangements with lease terms ranging from one to fifteen 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 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within one year	**61,893**	44,945
In the second to fifth years, inclusive	**91,232**	64,830
After five years	**59,543**	22,783
	212,668	132,558

(c) Capital commitments

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**277,644**	217,998

22. 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 period ended 30 June 2012 and 2011.

(a) The Group's transactions with related company for the six months period ended 30 June 2012 and 2011 are as follows:

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Commission income from concessionaire sales from related companies	**–**	55

The concessionaire sale transactions were entered into with Shanghai Fengziyi. Shanghai Fengziyi is a related company 50% owned by a relative of Mr. Chen Jianqiang, a director of the Company, based on mutually agreed terms. The balances due to Shanghai Fengziyi at each reporting date were disclosed in note 18.

(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 18.

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

	For the six months period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Total compensation	**3,463**	3,383

23. EVENTS AFTER THE INTERIM REPORTING PERIOD

At a meeting held on 7 August 2012, the Directors declared an interim dividend of HK4 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 of the opinion that the Company has complied with the code provisions set out in the Code on Corporate Governance Practice (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2012, except for the following deviation:

CODE PROVISION A.1.8

CG Code Provision A.1.8 requires that the Company should arrange appropriate insurance cover in respect of legal action against its directors. Throughout the aforesaid six months period and up to the date of this report, the Company has been in continuous dialogue with various insurance brokers and insurance companies to source such insurance cover and comparing the quotations. The Company will make a decision and purchase such insurance cover by the end of September 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. After having made specific enquiry, the Company confirms that all Directors have complied with the required standards set out in the Model Code throughout the six months period ended 30 June 2012.

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 2012.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee normally meets four times each year with the purpose of monitoring the integrity of the Group's financial statements and to consider the nature and scope of internal and external audit reviews. It also assesses the effectiveness of the systems of internal control. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed with the management and the independent auditor on financial reporting matters in respect of the unaudited interim condensed financial statement for the six months period ended 30 June 2012.

Under its terms of reference, the Audit Committee consists at least three Non-executive Director. The majority of them shall be Independent Non-executive Directors and at least one of them has to be an Independent Non-executive Director. The Audit Committee consists of three Independent Non-executive Directors, being Dr. Lin Zhijun (chairman), Dr. Zhang Weijong and Mr. Wang Shuaiting.

CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

REMUNERATION COMMITTEE

The Remuneration Committee meets regularly to consider remuneration issues and its principal responsibilities include developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining the remuneration packages of Directors and senior management and reviewing and approving performance-based remuneration by reference to the Company's goals and objectives.

Under its terms of reference, the Remuneration Committee consists of at least three Directors and the majority of them are Independent Non-executive Directors. The Remuneration Committee consists of five members, three of whom are Independent Non-executive Directors, being Dr. Zhang Weijong (chairman), Dr. Lin Zhijun and Mr. Wang Shuaiting, and two Non-executive Directors being Mr. Wang Lin and Mr. Fung Hiu Chuen, John.

NOMINATION COMMITTEE

The Nomination Committee nominates and recommends to the Board candidates for filling vacancies on the Board, the positions of senior executives.

Under its terms of reference, the Nomination Committee consists of at least three Directors and the majority of them are Independent Non-executive Directors. The Nomination Committee consists of five members, three of whom are Independent Non-executive Directors, being Dr. Zhang Weijong (chairman), Dr. Lin Zhijun and Mr. Wang Shuaiting, and two Non-executive Directors being Mr. Wang Lin and Mr. Fung Hiu Chuen, John.

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 2012, the interests and short positions of the Directors of the Company in the Shares, underlying Shares and debentures 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	Percentage of the Company's issued share capital
Mr. Chen Jianqiang	Interest in controlled corporation	1,414,500,000 *(Note (1))*	56.58%
Mr. Fung Hiu Lai	Direct beneficially owner	2,187,500	0.09%

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 17,750,000 Shares of the Company. Mr. Chen as the sole shareholder of Netsales Trading Limited is deemed to be interested in 1,414,500,000 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	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 1,414,500,000 Shares, approximately 56.58% 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 17,750,000 Shares of the Company.

Save as disclosed above, as at 30 June 2012, 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 2012, 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	Percentage of the Company's issued share capital
Long Positions			
Netsales Trading Limited [1]	Beneficial owner	1,414,500,000	56.58%
CDH Resource Limited [2]	Beneficial owner	357,000,000	14.28%
CDH China Growth Capital Fund II, L.P. [2]	Interest in controlled corporation	357,000,000	14.28%
CDH China Growth Capital Holdings Company Limited [2]	Interest in controlled corporation	357,000,000	14.28%
China Diamond Holdings II, L.P. [2]	Interest in controlled corporation	357,000,000	14.28%
China Diamond Holdings Company Limited [2]	Interest in controlled corporation	357,000,000	14.28%
JP Morgan Chase & Co.	Beneficial owner (20,099) Investment manager (102,270,000) Custodian corporation/approved lending agent (23,286,631)	125,576,730	5.02%
Lending Pool			
JP Morgan Chase & Co.	Custodian corporation/approved lending agent	23,286,631	0.93%

CODE ON CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

Notes:

1. 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.

2. 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 2012, 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 proposed to pay an interim dividend of HK4 cents per ordinary share of the Company for the six months ended 30 June 2012 (for the six months ended 30 June 2011: HK 4 cents) to shareholders whose names appear on the register of members of the Company on 24 August 2012, It is expected that the interim dividend will be paid on or about 5 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 August 2012 to 24 August 2012 (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, accompanied by the relevant share certificates, must be lodged with Computershare Hong Kong Investors Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 August 2012.