SPRINGLAND

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1700)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Financial Highlights

	For the six months ended 30 June		
	2019	2018	+/-
	(unaudited)	(unaudited)	
	RMB million	RMB million	
		(restated)[1]	
Total Sales Proceeds ("TSP")[2]	**6,148**	5,962	3.1%
– *department store*	***4,641***	*4,442*	*4.5%*
– *supermarket*	***1,507***	*1,520*	*-0.9%*
Revenue	**2,392**	2,372	0.8%
Profit before tax	**413**	356	16.0%
Profit attributable to owners of the parent	**267**	241	11.2%
Earnings per share - basic (RMB: cents)	**13**	11	18.2%
Net profit margin	**11.1%**	10.0%	1.1pp

- **TSP recorded RMB6,148 million and revenue reached RMB2,392 for the six months ended 30 June 2019. Same store sales change[3] for department store business represented an increase of 5.1% and same store sales change for supermarket business recorded a decrease of 0.3%.**
- **Profit before tax was RMB413 million. Profit attributable to owners of the parent was RMB267 million, representing an increase of 11.2%.**
- **Earnings per share increase to RMB13 cents.**
- **Proposed interim dividend of HK$4 cents per share.**

1 Pursuant to the new requirements under "International Financial Reporting Standards 16 - Leases" (IFRS16), the Group implements the new lease standards from 1 January 2019 using the full retrospective approach. As such, certain comparable figures are restated.
2 TSP represents the sum of gross revenue from concessionaire sales, revenue from direct sales and rental income.
3 Same store sales change represents the change in TSP for stores with operations through the comparable period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Springland International Holdings Limited (the "Company" or "Springland") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019, together with comparative figures for the corresponding period of 2018 (restated). The unaudited condensed consolidated interim results have been reviewed by the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2019

		For the six months ended 30 June	
		2019	2018
		(unaudited)	(unaudited)
	Notes	**RMB'000**	RMB'000
			(restated)
			(note)
REVENUE	*4*	**2,392,028**	2,372,263
Other income and gains	*5*	**402,149**	356,102
Purchase of and changes in inventories		**(1,309,073)**	(1,335,820)
Staff costs		**(354,981)**	(348,085)
Depreciation and amortisation		**(301,173)**	(291,307)
Rental expenses		**(3,259)**	(8,018)
Other expenses		**(338,492)**	(321,661)
Finance costs	*6*	**(73,499)**	(67,051)
Share of profits and losses of associates		**(336)**	–
PROFIT BEFORE TAX		**413,364**	356,423
Income tax expense	*7*	**(148,244)**	(119,661)
PROFIT FOR THE PERIOD		**265,120**	236,762
Attributable to:			
Owners of the parent		**267,440**	240,551
Non-controlling interests		**(2,320)**	(3,789)
		265,120	236,762
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	**0.13**	0.11

Details of dividends paid and proposed for the period are disclosed in note 8 to the financial information.

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, comparative information has been restated. See note 2.2(a).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
		(restated)
		(note)
PROFIT FOR THE PERIOD	**265,120**	236,762
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,610**	(18,848)
NET OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	**3,610**	(18,848)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**3,610**	(18,848)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**268,730**	217,914
Attributable to:		
Owners of the parent	**271,050**	221,703
Non-controlling interests	**(2,320)**	(3,789)
	268,730	217,914

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, comparative information has been restated. See note 2.2(a).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2019

	Notes	30 June 2019 (unaudited) RMB'000	31 December 2018 (restated) RMB'000 *(note)*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**8,829,505**	8,938,005
Right-of-use assets		**2,147,397**	2,218,689
Other intangible assets		**17,168**	24,544
Goodwill		**250,384**	250,384
Investments in associates		**4,731**	5,117
Long-term prepayments		**2,024**	2,157
Deferred tax assets		**133,100**	134,830
Total non-current assets		**11,384,309**	11,573,726
CURRENT ASSETS			
Inventories		**285,213**	367,859
Trade receivables	*11*	**10,300**	7,796
Due from the controlling shareholder		**12,228**	99,962
Prepayments, deposits and other receivables		**522,800**	377,811
Financial assets at fair value through profit or loss		**37,827**	–
Restricted cash	*12*	**119,515**	117,408
Cash and cash equivalents	*12*	**612,470**	617,441
Total current assets		**1,600,353**	1,588,277
CURRENT LIABILITIES			
Interest-bearing bank borrowings	*13*	**2,242,460**	1,054,083
Medium-term financing notes	*15*	–	310,874
Corporate bonds	*16*	–	819,470
Trade and bills payables	*14*	**931,666**	1,178,020
Other payables and accruals		**2,356,780**	2,411,000
Other liabilities		**67,066**	54,196
Tax payable		**46,099**	76,788
Total current liabilities		**5,644,071**	5,904,431
NET CURRENT LIABILITIES		**(4,043,718)**	(4,316,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,340,591**	7,257,572

continued/…

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, comparative information has been restated. See note 2.2(a).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 JUNE 2019

	Notes	**30 June 2019 (unaudited) RMB'000**	31 December 2018 (restated) RMB'000 *(note)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*13*	**939,868**	910,165
Deferred income		**9,845**	–
Deferred tax liabilities		**563,314**	552,557
Other liabilities		**676,705**	701,379
Total non-current liabilities		**2,189,732**	2,164,101
Net assets		**5,150,859**	5,093,471
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**17,098**	17,703
Treasury shares		**–**	(56)
Reserves		**4,976,165**	4,915,908
		4,993,263	4,933,555
Non-controlling interests		**157,596**	159,916
Total equity		**5,150,859**	5,093,471

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, comparative information has been restated. See note 2.2(a).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 October 2010.

The Group is principally engaged in the operation of department stores and supermarkets in Mainland China. In the opinion of the Directors, the ultimate holding company of the Group is Octopus Holdings Foundation, a company incorporated in the Cayman Islands.

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does 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 for the year ended 31 December 2018.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long*-term *Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

2.2 Changes in accounting policies and disclosures (continued)

Other than as explained below regarding the impact of IFRS 16 *Leases,* Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the full retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts. Accordingly, the comparative information in this interim condensed consolidated financial statements has been restated:

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

Impacts on transition (continued)

The impacts arising from the adoption of IFRS 16 as at 31 December 2018 are as follows:

	Increase/(decrease) RMB'000 (unaudited)
Assets	
Increase in right-of-use assets	2,218,689
Decrease in prepaid land premium	(1,579,888)
Decrease in long-term prepayments	(5,600)
Increase in deferred tax assets	21,030
Decrease in prepayments, other receivables and other assets	(37,168)
Increase in total assets	617,063

	Increase/(decrease) RMB'000 (unaudited)
Liabilities	
Increase in other payables and accruals	2,470
Decrease in long-term payables	(74,623)
Increase in other liabilities	755,575
Increase in total liabilities	683,422
Decrease in retained earnings	(66,359)

2.2 Changes in accounting policies and disclosures (continued)

(a) Adoption of IFRS 16 (continued)

Impact on the statement of profit or loss for the six months ended 30 June 2018:

	Increase/(decrease) RMB'000 (unaudited)
Decrease in rental expense	(44,659)
Increase in depreciation of right-of-use assets	51,114
Decrease in amortisation of prepaid land premium	(20,415)
Increase in operating profit	13,960
Increase in finance costs	15,241
Decrease in income tax expense	(241)
Decrease in profit for the period	(1,040)
Attributable to:	
Decrease in retained earnings	(1,040)

Impact on the statement of cash flows for the six months ended 30 June 2018:

	Increase/(decrease) RMB'000 (unaudited)
Increase of net cash flows from operating activities	36,393
Decrease of net cash flows from financing activities	(36,393)

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

2.2 Changes in accounting policies and disclosures (continued)

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

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, fair value gain/(loss) and investing gain/(loss) as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude financial assets at fair value through profit or loss, deferred tax assets, restricted cash, time deposits, tax recoverable, amounts due from the controlling shareholder, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, medium-term financing notes, corporate bonds, deferred income, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. Operating segment information (continued)

The following tables presented revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2019 and 30 June 2018, respectively.

Six months ended 30 June 2019

	Department store RMB'000 (unaudited)	**Supermarket RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**
Segment revenue ***(Note 4)***			
Sales to external customers	**1,100,015**	**1,286,397**	**2,386,412**
Management service	**5,616**	**–**	**5,616**
	1,105,631	**1,286,397**	**2,392,028**
Segment results	**473,631**	**52,163**	**525,794**
Reconciliation:			
Interest and unallocated gains			**11,042**
Corporate and other unallocated expenses			**(49,973)**
Finance costs			**(73,499)**
Profit before tax			**413,364**

Six months ended 30 June 2018

	Department store RMB'000 (unaudited) (restated)	Supermarket RMB'000 (unaudited) (restated)	Total RMB'000 (unaudited) (restated)
Segment revenue ***(Note 4)***			
Sales to external customers	1,000,789	1,371,474	2,372,263
Segment results	400,581	60,590	461,171
Reconciliation:			
Interest and unallocated gains			27,938
Corporate and other unallocated expenses			(65,635)
Finance costs			(67,051)
Profit before tax			356,423

3. Operating segment information (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively:

As at 30 June 2019

	Department store RMB'000 (unaudited)	**Supermarket RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**
Segment assets	**10,572,475**	**1,453,651**	**12,026,126**
Reconciliation:			
Corporate and other unallocated assets			**958,536**
Total assets			**12,984,662**
Segment liabilities	**2,728,059**	**1,208,932**	**3,936,991**
Reconciliation:			
Corporate and other unallocated liabilities			**3,896,812**
Total liabilities			**7,833,803**

As at 31 December 2018

	Department store RMB'000 (restated)	Supermarket RMB'000 (restated)	Total RMB'000 (restated)
Segment assets	10,535,330	1,603,723	12,139,053
Reconciliation:			
Corporate and other unallocated assets			1,022,950
Total assets			13,162,003
Segment liabilities	2,966,250	1,271,546	4,237,796
Reconciliation:			
Corporate and other unallocated liabilities			3,830,736
Total liabilities			8,068,532

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 major customers

No revenue derived from sales to a single customer or a group of customers under the common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2019 and 2018.

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of goods - direct sales	**1,530,067**	1,537,276
Commission income from concessionaire sales *(Note)*	**694,865**	702,324
Provision of management services	**5,616**	–
Provision of food and beverage services	**2,458**	4,028
	2,233,006	2,243,628
Revenue from other sources		
Rental income	**159,022**	128,635
Total revenue	**2,392,028**	2,372,263

Note:
The commission income from concessionaire sales is analysed as follows:

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Gross proceeds from concessionaire sales	**4,458,821**	4,296,539
Commission income from concessionaire sales	**694,865**	702,324

4. Revenue (continued)

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2019

Segments	Department store RMB'000 (unaudited)	Supermarket RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of goods or services			
Sale of goods – direct sales	318,087	1,211,980	1,530,067
Commission income from concessionaire sales	660,247	34,618	694,865
Provision of management services	5,616	–	5,616
Provision of food and beverage services	2,458	–	2,458
Total revenue from contracts with customers	986,408	1,246,598	2,233,006

For the six months ended 30 June 2018

Segments	Department store RMB'000 (unaudited)	Supermarket RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of goods or services			
Sale of goods – direct sales	236,027	1,301,249	1,537,276
Commission income from concessionaire sales	672,075	30,249	702,324
Provision of food and beverage services	4,028	–	4,028
Total revenue from contracts with customers	912,130	1,331,498	2,243,628

5. Other income and gains

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Fee income from suppliers	**373,547**	320,831
Interest income	**9,961**	11,835
Subsidy income	**13,999**	3,997
Others	**4,379**	6,169
	401,886	342,832
Gains		
Fair value gains, net:		
Equity investments at fair value through profit or loss	**263**	–
Fair value gains, net:		
Derivative instruments		
–transactions not qualifying as hedges	**–**	13,270
	402,149	356,102

6. Finance costs

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
		(restated)
Interest on medium-term financing notes	**3,466**	7,557
Interest on corporate bonds	**19,490**	20,510
Interest on bank borrowings wholly payable within five years	**45,021**	33,580
Interest on lease liabilities	**17,903**	15,241
Less: Interest capitalised	**(12,381)**	(9,837)
	73,499	67,051

7. Income tax

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

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

Under the People's Republic of China (the "PRC") Corporate Income Tax Law, the income tax rate became 25% starting from 1 January 2008. Therefore, provision for the PRC income tax has made at the applicable income tax rate of 25% (six months ended 30 June 2018: 25%) on the assessable profits of the Group's PRC subsidiaries.

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
		(restated)
Current - PRC corporate income tax charge for the period	**135,757**	126,652
Deferred	**12,487**	(6,991)
Total tax charge for the period	**148,244**	119,661

8. Dividends

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Dividends on ordinary shares declared and paid during the period:		
Final dividends for 2018: HK$7 cents (2017: HK$5 cents)	**121,854**	88,059
Dividends on ordinary shares proposed (not recognised as liabilities as at 30 June)		
Proposed interim dividend for 2019: HK$4 cents (2018: HK$3 cents)	**70,993**	54,893

9. 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 RMB267,440,000 (six months ended 30 June 2018 (restated): RMB240,551,000), and the weighted average number of ordinary shares of 2,056,718,515 (six months ended 30 June 2018: 2,283,781,066) in issue during the period.

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

10. Property, plant and equipment

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
Carrying amount at 1 January	**8,938,005**	**9,124,065**
Additions	**166,844**	**361,667**
Depreciation provided during the period/year	**(243,022)**	**(478,340)**
Impairment	**(19,808)**	**(27,283)**
Disposals	**(12,514)**	**(28,254)**
Disposal of a subsidy	–	**(13,850)**
Carrying amount at 30 June 2019 / 31 December 2018	**8,829,505**	**8,938,005**

At 30 June 2019, the application for transfer the land use right certificate to property ownership certificate for the Group's land and buildings amounting to RMB604,683,000 (31 December 2018: RMB611,316,000) was still in progress.

11. Trade receivables

All of the Group's sales are on a cash basis except for certain bulk sales of merchandise which are credit sales. The credit terms offered to customers are generally one month.

None of the balances of the trade receivables at each reporting date is either past due or impaired and aged within one month based on the invoice date.

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

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
Cash and bank balances	**601,720**	617,441
Time deposits	**130,625**	117,408
	731,985	734,849
Less: Restricted cash with maturity within one year	**(119,515)**	(117,408)
Cash and cash equivalents	**612,470**	617,441

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

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
RMB	**715,211**	695,545
US$	**9,333**	1,826
HK$	**6,903**	36,489
SGD	**526**	977
EUR€	**12**	12
	731,985	734,849

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between six months and five years depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks. The carrying amounts of the cash and cash equivalents and time deposits approximate to their fair values.

Pursuant to the relevant rules and regulations issued by the Ministry of Commerce of the People's Republic of China, the Group was required to deposit bank balances (or through issuing the letter of bank guarantee to deposit) in the Group's designated accounts, which amount was no less than 30% of the balance of advances from customers for sales of prepaid cards. As at 30 June 2019, certain of the Group's restricted cash amounted to RMB119,515,000 (31 December 2018: RMB117,408,000) represents the above balances deposited in the Group's designated accounts.

13. Interest-bearing bank borrowings

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
Bank loans:		
Unsecured	**3,182,328**	1,964,248
Bank loans repayable:		
Within one year or on demand	**2,242,460**	1,054,083
Over one year but within two years	**373,868**	710,165
Over two year but within five years	**566,000**	200,000
	3,182,328	1,964,248
Total bank borrowings	**3,182,328**	1,964,248
Less: Portion classified as current liabilities	**(2,242,460)**	(1,054,083)
Long-term portion	**939,868**	910,165

Bank loans bear interest at fixed rates or floating rates.

The Group's bank loans bore effective interest rates from 2.3% to 4.8% per annum as at 30 June 2019 and 2.6% to 4.8% per annum as at 31 December 2018.

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

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
RMB	**2,160,960**	645,500
US$	**855,442**	1,046,138
HK$	**165,926**	272,610
	3,182,328	1,964,248

14. Trade and bills payables

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

	30 June 2019 (unaudited) RMB'000	31 December 2018 (audited) RMB'000
Within three months	**776,371**	1,050,378
Over three months but within six months	**82,952**	53,563
Over six months but within one year	**35,651**	41,035
Over one year	**36,692**	33,044
	931,666	1,178,020

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

15. Medium-term financing notes

In February 2016, subject to the aggregate principal amount of up to RMB2.0 billion approved by the National Association of Financial Market Institutional Investors the Group issued its first tranche of medium-term notes at par value of RMB300 million to domestic institutional investors in the PRC on 25 March 2016. The nominal interest rate is 4.78% per annum and the effective interest rate is 5.13% per annum. The term of the medium-term notes was 3 years from the date of issuance. The interest shall be paid on an annual basis. In March 2019, the Group paid all the principal and interest in the amount of RMB314.34 million.

16. Corporate bonds

In May 2016, subject to the aggregate principal amount of up to RMB2.0 billion approved by the China Securities Regulatory Commission and the Shanghai Stock Exchange, the Group has issued its first tranche of corporate bonds at par value of RMB800 million to public qualified investors in the PRC on 21 June 2016. The nominal interest rate is 4.87% per annum and the effective interest rate is 5.22% per annum. The term of the financing notes was 3 years from the date of issuance. The interest shall be paid on an annual basis. In June 2019, the Group paid all the principal and interest in the amount of RMB838.96 million.

17. Events after the interim reporting period

At a meeting held on 13 August 2019, 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 information.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMY OVERVIEW

In the first half of 2019, we faced the backdrop of decreasing momentum in global economic growth and the decelerating rate of growth in global trade and investment. In response to the downward pressure on the economy, China has stimulated the vitality of the market by measures such as deepening the supply-side structural reforms, innovative macro-economic management, optimising the business environment, as well as tax and duty cut on an even larger scale. According to the National Bureau of Statistics of China, China's GDP expanded 6.3% year-on-year in the first half of 2019 to about RMB45 trillion; China's retail sales of consumer goods rose 8.4% year-on-year; while China's per capita consumer spending increased by 7.5% year-on-year. Along with the evolving and diversifying consumer trends, as well as innovative technology and finance, consumption will gradually become the major driving force of economic growth in the near future.

The retail industry continues to embrace reform and innovative technologies. We also optimise the supply chain and expand presence to omni-channel sales to satisfy the increasing needs of consumers. With the increasing influx of capital, we have witnessed the expansion of new formats and deeper market development. The retail industry is experiencing unprecedented vitality.

BUSINESS REVIEW

Springland does not only follow the industry trend, but also adhere to our business nature since the beginning: products and services. Our application of new technologies centered around the rationale of customers' experience improvement.

We aspire to provide our customers the best and fashioned product offerings. As such, we have engaged with suppliers to deepen our strategic cooperation by establishing a benchmarking brand mechanism to optimize our brand and product mix. To create sensational shopping experience at our stores, we dedicate to level up our scene marketing, experiential marketing and emotional marketing, such as attracting shoppers by timely-themed decorations and events. In terms of service offerings, we have upgraded and improved our membership program to enhance our professional and efficient service. We will launch exclusivity program by creating competitive edge in property excellence, exclusive brand offerings and featured services to 10 stores of ours. Our aim is to consolidate our dominant position and competitive moat.

Springland also actively applies new technologies and innovative mindset to upgrade our physical stores. We have already completed the construction of digital marketing system for all our stores. This enables us to closely connect our customers through our public pages, WeChat groups, WeChat Mini Program, while customers can enjoy membership benefits, online-only promotion, online payment, cashback benefits and etc. In the first half of 2019, we also launched PRIME membership to reward our loyal members with featured services and offerings. Besides, we also apply digitalisation in terms of operation management, which enables us to enhance our operation via exploration of in-store customers' location coordinates, supplier management and innovative marketing.

In the operation of supermarkets, Springland continues to focus on the improvement of its products and efficiency, actively optimising supply chain, and seeking cooperation with the product source. Our exploration in KOL-recommended goods, introduction of import goods, community group buying and self-service payment received satisfactory results.

In terms of store expansion, Springland adheres to the coordinated development model of light and heavy assets. We keep our pace in expanding presence in new regions and consolidate our status in existing ones. Our department stores' presence will cover Jiaxing Pinghu, Jiangsu Yancheng and Jiangsu Jiangyin with the signing of new agreements, an increase of 300,000 sq.m. to our business areas. 8 new supermarkets have commenced operations. In the first half year of 2019, we had been decorating in Liyang, Danyang and Jiangyin, 3 department stores. In addition, we had finished the upgrade of decoration in two supermarkets, namely Jiantan City Center store and Danyang City Center store, in order to revitalise our older stores.

Springland also values the improvement of fundamental management: we optimise the business partnership mechanism to enable them to join more management partnersip and to stimulate their incentives; management trainee programme is established to increase our talent pool; continue to improve our promotion ladder and explore talents.

PROSPECTS

No clear sign was shown over the trade talks between the United States and China, while the momentum of global economy slowed down, all of those casted uncertainties to our economy in the future. Nonetheless, China will increasingly focus on the development of domestic market through tools to stimulate domestic consumption. Besides, the application of new technologies and new players in the retail arena will contribute to the innovative development of the industry.

But the nature of retailing has never changed. Whether there is new consumption upgrade, big data empowerment, artificial intelligence technology and scene revolution, the nature is the same in the future: cost reduction, efficiency improvement, and experience enhancement. This will also be the goal of Springland's continuous pursuit and improvement in operations.

We will continue to improve the new retail strategy by seeking the benefits of technological innovation and digitalization. Along with accelerated integration of sales channel and advanced technology, we will further expand the room to grow. Furthermore, we will improve self-operating ability. Driven by demand to satisfy the diversified needs of consumers, we aim to further increase market share and profitability. We will also introduce strategic partners, intensify partnership mechanisms, motivate employees and effectively improve operational efficiency.

FINANCIAL REVIEW

TSP and Revenue

The Group's TSP were RMB6,148 million for the six months ended 30 June 2019. TSP of the department store business increased to RMB4,641 million, representing an increase of 4.5% and same store sales increased by 5.1% from the same period in 2018. TSP of supermarket business was RMB1,507 million, representing a decrease of 0.9%, and the same store sales decreased 0.3% compared to corresponding period in 2018.

	For the six months ended 30 June					
	2019			2018		
	Department store division	**Supermarket division**	**Total**	Department store division	Supermarket division	Total
	(RMB million)					
Revenue						
Direct sales	**318**	**1,212**	**1,530**	236	1,301	1,537
Commission income from concessionaire sales	**661**	**34**	**695**	672	30	702
Rental income	**119**	**40**	**159**	89	40	129
Provision of management services	**6**	**–**	**6**	–	–	–
Provision of food and beverage services	**2**	**–**	**2**	4	–	4
Total	**1,106**	**1,286**	**2,392**	1,001	1,371	2,372
TSP						
Direct sales	**318**	**1,212**	**1,530**	236	1,301	1,537
Gross revenue of concessionaire sales	**4,204**	**255**	**4,459**	4,117	179	4,296
Rental income	**119**	**40**	**159**	89	40	129
Total	**4,641**	**1,507**	**6,148**	4,442	1,520	5,962
Same store sales change	**5.1%**	**-0.3%**		4.4%	0.1%	

For the six months ended 30 June 2019, the revenue of the Group amounted to RMB2,392 million, representing an increase of 0.8% from RMB2,372 million, as compared to the same period of 2018. Revenue from the department store business increased to approximately RMB1,106 million, representing an increase of 10.5% and revenue from the supermarket business was RMB1,286 million, representing a decrease of 6.2% as compared to the same period last year.

Department store business:

For the six months ended 30 June 2019, TSP from the department store business increased by 4.5% to RMB4,641 million (six months ended 30 June 2018: RMB4,442 million), and same store sales increased by approximately 5.1%. During the period, gross revenue from concessionaire sales contributed approximately 90.6% (six months ended 30 June 2018: 92.7%) and direct sales contributed approximately 6.9% (six months ended 30 June 2018: 5.3%) to TSP in respect of the department store business.

TSP by top five stores

The aggregate contribution to TSP from the five largest department stores increased to 51.4% in the current period from approximately 51.0% in the same comparable period in 2018.

TSP by merchandise categories

The proportion of sale proceeds of department stores from various merchandise categories for the six months ended 30 June 2019 and the corresponding period in 2018 are as follows: fashion and apparel accounted for approximately 34.0% (same period in 2018: 36.3%); merchandise related to cosmetics and accessories accounted for approximately 36.1% (same period in 2018: 33.1%); footwear accounted for approximately 6.4% (same period in 2018: 7.5%); 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 23.5% (same period in 2018: 23.1%).

Commission rate from concessionaire sales and comprehensive gross margin[4]

For the six months ended 30 June 2019, the commission rate from concessionaire sales was 15.7%, decreased by 0.6% as compared with the same period in 2018. The Group intends to maintain the stability of its commission rate by conducting periodic reviews and enhancing the merchandise mix to reflect the changing consumer demands. The comprehensive gross margin was 23.4% for the six months ended 30 June 2019 (six months ended 30 June 2018: 22.9%).

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

Supermarket business:

For the six months ended 30 June 2019, TSP of supermarket business was RMB1,507 million, representing a decrease of 0.9% compared to corresponding period in 2018. It mainly resulted from the increase of TSP from the newly-opened supermarkets unable to offset the impact of temporary closure of some stores for renovation and closing down of certain loss-making stores. During the period, direct sales contributed approximately 80.4% (six months ended 30 June 2018: 85.6%) and concessionaire sales contributed approximately 16.9% (six months ended 30 June 2018: 11.8%) of TSP of the supermarket business.

TSP by top five stores

The aggregate contribution to TSP generated from the five largest supermarkets decreased to 27.8% for the six months ended 30 June 2019 from approximately 29.4% for the same comparable period in 2018.

TSP by merchandise categories

The proportion of sale proceeds of supermarkets from various merchandise categories for the six months ended 30 June 2019 and the corresponding period in 2018 are as follow: fresh food accounted for approximately 40.6% (same period in 2018: 40.5%); dry foods accounted for approximately 33.2% (same period in 2018: 32.4%), non-food accounted for approximately 22.1% (same period in 2018: 22.6%); and the remaining categories, including rental income and others, accounted for the remaining 4.1% (same period in 2018: 4.5%).

Direct sales margin and comprehensive gross margin

Revenue from direct sales in the supermarket business decreased from RMB1,301 million for the six months ended 30 June 2018 to RMB1,212 million for the six months ended 30 June 2019, representing a decrease of 6.9%. For the six months ended 30 June 2019, direct sales margin for supermarket business was 15.9%, gross profit margin was 25.5%, representing an increase of 2.6% percentage point from 22.9% for the same period in 2018. The Group stabilised its gross profit margin by continuously increasing investments in equipment and technology to expand the contribution from fresh food and to enhance products quality and reduce wastage as well as cost efficiency from strengthening the supply chain and merchandise categories.

Other income and gains

Other income and gains included fee income from suppliers, government subsidy income, interest income and other gains. For the six months ended 30 June 2019, fee income from suppliers increased to RMB374 million (six months ended 30 June 2018: RMB321 million). Fee income from suppliers including promotion fees, management fees paid by suppliers for participating in the promotional activities, reimbursing electricity charge and material, etc.

Purchases of and changes in inventories

Purchases of and changes in inventories represented the cost of merchandise that purchased from suppliers for resale under the direct sales business model. For the six months ended 30 June 2019, purchases of and change in inventories decreased to approximately RMB1,309 million, representing a decrease of 2.0% as compared to the same period last year. The drop was due to the decrease in direct sales.

Expenses

	For the six months ended 30 June									
	2019					2018 (restated)				
	Department store division	**Supermarket division**	**Head-quarters**	**Total**	**% of TSP**	Department store division	Supermarket division	Head-quarters	Total	% of TSP
	(RMB million)					(RMB million)				
Staff costs	**177**	**144**	**34**	**355**	**5.8%**	175	138	35	348	5.9%
Depreciation and amortisation	**227**	**73**	**1**	**301**	**4.9%**	221	69	1	291	4.9%
Rental expenses	**4**	**(3)**	**2**	**3**	**–**	–	5	3	8	0.1%
Other expenses	**208**	**118**	**13**	**339**	**5.5%**	220	75	26	321	5.4%
Total	**616**	**332**	**50**	**998**	**16.2%**	616	287	66	969	16.3%

Expenses consisted of staff costs, depreciation and amortisation, rental and other expenses. Other expenses mainly include utility expenses, advertising and promotion expenses, provision for impairment of property, plant and equipment, provision for impairment of right-of-use assets, losses on disposal of property, plant and equipment, office expenses, maintenance costs, travelling expenses, entertainment expenses, property tax and government surcharges, foreign exchange loss and other miscellaneous expenses.

For the six months ended 30 June 2019, total expenses of the Group as a percentage of TSP slightly decreased to approximately 16.2% (six months ended 30 June 2018 (restated): 16.3%) and total expenses increased by 3.0% to RMB998 million (six months ended 30 June 2018 (restated): RMB969 million). The growth was primarily attributable to the increase in the number of stores in expansion of stores network which resulted in the rise in staff costs, depreciation and amortization, the provision for impairment of property, plant and equipment, and the provision for impairment of right-of-use assets.

However, the Group's department stores and supermarkets that are sited in self-owned properties reached 90% and 32.5% of the gross floor areas respectively. The self-owned properties mitigated rental cost increases.

Operations profit and operating margin

An analysis of the profit for the period was as follows:

	For the six months ended 30 June	
	2019	2018
		(restated)
	(RMB million)	
Operating profits by business unit:		
Department store	**474**	400
Supermarket	**52**	61
	526	461
Head office and non-operating and unallocated expenses		
Other unallocated gains	**1**	16
Net finance expenses	**(64)**	(55)
Corporate and other unallocated expenses	**(50)**	(65)
Profit before tax	**413**	357
Income tax expenses	**(148)**	(120)
Profit for the period	**265**	237

Operations profit for the Group (excluding interest and unallocated gains, corporate and other unallocated expenses and finance costs) increased to RMB526 million for the six months ended 30 June 2019 from RMB461 million for the corresponding period in 2018 (restated), representing an increase of 14.0%.

For the six months ended 30 June 2019, due to improvement in operational efficiency, operations profit for the department store business increased by 18.2% to RMB474 million (six months ended 30 June 2018 (restated): RMB400 million) and operation margin as a percentage of TSP for department stores maintained at 10.2% (six months ended 30 June 2018 (restated): 9.0%). For the supermarket business, profit from operations decreased by approximately 13.9% to RMB52 million (six months ended 30 June 2018 (restated): RMB61 million) and operating margin as a percentage of TSP was 3.5%, representing a drop of 0.5 percentage point from 4.0% for the same period last year (restated). The drop in operating profits for supermarket business was mainly due to the provision of impairment of certain loss-making supermarkets higher costs and expenses for newly-opened stores and keen market competition.

Net finance expenses

Net finance expenses comprised finance charge on interest-bearing borrowings net interest income from surplus cash.

Total finance costs increased from RMB67 million to RMB73 million during the six months ended 30 June 2019 compared with the corresponding period last year (restated). The increase in net finance expenses and finance costs were due to the increase in total interest expenses. During the six months ended 30 June 2019, approximately RMB12 million (six months ended 30 June 2018: RMB10 million) of the interest expenses has been capitalized as property under development.

Profit before tax

Profit before tax amounted to RMB413 million for the six months ended 30 June 2019, representing an increase of 16.0% compared with the corresponding period last year (restated).

Income tax

Income tax expenses for the six months ended 30 June 2019 increased by RMB28 million from the same period in 2018 (restated). The effectively tax rate staged at 35.9% (six months ended 30 June 2018 (restated): 33.6%).

Profit for the period and earning per share

Profit for the period reached approximately RMB265 million for the six months ended 30 June 2019 (six months ended 30 June 2018 (restated): RMB237 million), representing an increase of approximately 12.0% from the same comparable period in 2018 (restated).

For the six months ended 30 June 2019, the net profit margin in term of TSP was 4.3% (six months ended 30 June 2018 (restated): 4.0%) and the net profit margin in term of revenue was 11.1% (six months ended 30 June 2018 (restated): 10.0%). Basic earnings per share attributable to ordinary equity holders of the parent was RMB13 cents for the period.

EQUITY AND FINANCING

Equity

At 30 June 2019, the equity attributable to owners of the parent amounted to RMB4,993 million, representing an increase of RMB59 million from 31 December 2018 (restated).

During the six months ended 30 June 2019, the Company repurchased approximately 64 million shares for a total consideration of approximately HK$104 million.

Funding model

The Group has actively diversified the funding sources, maintained strong long-term relations with lenders as well as investors and has spread out maturities to reduce refinancing risk.

The Group obtained approval from the National Association of Financial Market Institutional Investors to issue medium-term financing notes in one or more tranches with an aggregate principal amount of up to RMB2.0 billion with a term of 3 years from the date of issuance to domestic institutional investors in the PRC. The Group also obtained approval from the China Securities Regulatory Commission and the Shanghai Stock Exchange to issue the domestic corporate bonds in one or more tranches with an aggregate principal amount of up to RMB2.0 billion with a term of no more than 5 years from the date of issuance to qualified investors in the PRC.

On 25 March 2016, the Group issued the first tranche of medium-term financing notes at par value of RMB300 million with the nominal interest rate of 4.78% per annum and the effective interest rate of 5.13% per annum. The medium-term financing notes are issued to institutional investors in the Inter-bank Bond Market in the PRC. On 21 June 2016, the Group also issued the first tranche of corporate bonds at par value of RMB800 million with a term of 3 years with the nominal interest rate of 4.87% per annum and the effective interest rate of 5.22% per annum. The corporate bonds are issued to qualified investors in the PRC as well as listed and traded on the Shanghai Stock Exchange. The medium-term financing notes and corporate bonds matured in March 2019 and June 2019 respectively and the Group has repaid the principal and interests in full.

Debt Management

As at 30 June 2019, interest-bearing debts (excluding lease liability) of the Group were RMB3,182 million, higher than 31 December 2018 by RMB87 million. The Group maintained an appropriate mix of fixed/ floating interest rate loans and maturity profile to mitigate interest rate and re-financing risks. The table below shows the proportion of floating and fixed rates for bank borrowings, financing notes and corporate bonds.

	30 June 2019		31 December 2018	
	(RMB million)	**% of total**	(RMB million)	% of total
Floating rates US$ debts	**855**	**27%**	1,046	34%
Floating rates HK$ debts	**166**	**5%**	273	9%
Fixed rates RMB debts	**2,161**	**68%**	1,776	57%
Total interest-bearing debts	**3,182**	**100%**	3,095	100%

Liquidity, foreign exchange and interest rate exposure

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group conducted its retail business in the PRC and its revenues and expenses were denominated in RMB. The Group relies principally on cash flow generated from its operating activities as a primary source of liquidity. The Group has always pursued a stable treasury management policy and is in a strong liquidity position with sufficient standby banking facilities and cash to cope with daily operations and capital demand for future development. Certain of the Group's bank balances, bank borrowings and deposits were denominated in HK$, SGD or US$ which exposed the Group to foreign exchange risks attributable to fluctuations in exchange rates between HK$, SGD or US$ and RMB.

The Group manages its foreign exchange risk and interest rate exposure by performing regular reviews of the Group's interest rate and foreign exchange exposures. The Group's exposure to the risk of changes in market interest rates related primarily to the Group's bank loans with floating interest rates.

Gearing ratio

The Group has been carefully and healthy in using debt gearing to expand the business in accordance with the business strategy. At 30 June 2019, the Group's gearing ratio stayed at 56.5% (31 December 2018 (restated): 57.6%). The gearing ratio is calculated by net debt (including bank borrowings, medium-term financing notes, corporate bonds, trade and bills payables, other payables and accruals, other liabilities, less restricted cash, time deposits and cash and cash equivalents) divided by the capital plus net debt of the Group.

Capital expenditure and capital commitment

Capital expenditure of the Group during the six months ended 30 June 2019 amounted to approximately RMB177 million (31 December 2018 (restated): RMB556 million). Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

Capital commitment of the Group as of 30 June 2019 amounted to RMB821 million (31 December 2018: RMB331 million), representing mainly construction items which contracted but not provided for Jiufang projects and Xishan projects.

Cash and cash equivalents and time deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between six months and five years depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks.

Restricted cash

Pursuant to the relevant rules and regulations issued by the Ministry of Commerce of the PRC, the Group was required to deposit bank balances in the Group's designated accounts or through issuing the letter of bank guarantee, total amount of which shall not be less than 30% of the balance of advances from customers for sales of prepaid cards. As at 30 June 2019, the Group has deposited cash in the amount of RMB120 million (31 December 2018: RMB117 million) in the Group's designated accounts.

CONTINGENT LIABILITIES

As at 30 June 2019 and 31 December 2018, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2019, the Group employed a total of 8,533 staff, including 3,617 served the department store division and 4,854 served the supermarket division (31 December 2018: 8,562 staff, including 3,532 served the department store division and 4,958 served the supermarket division).

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.

MAJOR TRANSACTION

During the six months ended 30 June 2019, the Group entered into the following major transaction:

On 18 June 2019, Jiangyin Yaohan Business Centre Company Limited (an indirectly wholly-owned subsidiary of the Company) being the purchaser, and Jiangyin Yunlong Property Company Limited, being the vendor, entered into the property framework cooperation agreement. Pursuant to which both parties agreed to the lease-purchase manner for the purchaser to operate the property at the consideration of RMB1,020,000,000 (inclusive of tax). On the same date, the vendor and the purchaser also entered into the property tenancy agreement. Pursuant to which the vendor has agreed to lease the property to the purchaser, prior to completing the transfer of ownership to the purchaser as shown on the real estate certificate.

The property is located at Chengjiang Street, Jiangyin City, Jiangsu Province, PRC. The vendor is currently constructing a five-storey with a mezzanine floor commercial building aboveground as the Jiufang Square shopping centre project at this area, with a gross floor area of about 101,035 square meters above ground for the exclusive usage of the purchaser. In addition, the purchaser will also possess the exclusive rights to one underground storey (with a gross floor area of about 10,100 square meters), around 800 car parking spaces, plant room, outdoor plaza and roof space.

As the target property is located in the core business district of Jiangyin, with comprehensive surrounding infrastructure facilities, which will enable us to enhance our competitiveness in Jiangyin.

For details of the major acquisition, please refer to the announcements of the Company dated 18 June 2019, 9 July 2019 and 31 July 2019.

CONNECTED TRANACTIONS

During the six months ended 30 June 2019, the Group entered into the following continuing connected transactions.

On 30 April 2014, indirect wholly owned subsidiaries of the Company, Jiangsu Springland International Holdings (Group) Ltd ("Jiangsu Springland") and Wuxi Xishan Yaohan Lifestyle Center Co., Ltd ("Xishan Yaohan"), as sellers entered into agreements (the "Disposal Agreements") with Mr. Chen Jianqiang whereby Jiangsu Springland disposed the financial product and Xishan Yaohan disposed the deposit for RMB180 million and RMB100 million respectively to Mr. Chen. The consideration in the amount of RMB280 million were agreed be paid on or before 31 December 2014.

On 16 December 2014, Jiangsu Springland, Xishan Yaohan and Mr. Chen entered into the supplemental agreements and extended the payment date for the outstanding consideration under the Disposal Agreements of RMB182 million to 31 December 2016. On 1 December 2016, Jiangsu Springland, Xishan Yaohan and Mr. Chen entered into another supplemental agreements and further extended the payment date for the outstanding consideration of RMB118 million to 31 December 2019. Starting from 1 January 2017, interest is charged on the amount due from Mr. Chen under the Disposal Agreements with an interest rate of 3.5% per annum. As at 30 June 2019, there was an outstanding consideration due from the controlling shareholder in the amount of RMB10,940,000 (31 December 2018: RMB100,000,000).

Mr. Chen, the Chairman and the controlling shareholder of the Company, is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Accordingly, loan for the outstanding consideration under the Disposal Agreement and its supplemental agreements constituted continuing connected transactions of the Company under the Listing Rules. Details of the transactions have been set out in the announcements dated 2 May 2014, 16 December 2014 and 1 December 2016 issued by the Company.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions set out in the Code on Corporate Governance Practice (the "Corporate Governance Code") under Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019, except for code provision A.2.1. Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Chen Jianqiang is currently our Chairman and chief executive officer. With extensive experience in the retail business, Mr. Chen is responsible for the overall corporate strategies, planning, business development and investment of our Group and is instrumental to our growth and business expansion since his joining of the Group in 1996. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and high-calibre individuals. Our Board currently comprises one executive Director, two nonexecutive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. No incident of non-compliance by Directors was noted by the Company in the period.

THE 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 on the Stock Exchange as its code of conduct regarding Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Specific confirmation has been obtained from each Director to confirm compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2019.

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

During the six months ended 30 June 2019, pursuant to the general mandate given to the Directors of the Company, the Company repurchased a total of 63,552,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK$104 million. During the six months ended 30 June 2019, 70,000,000 shares were cancelled. The number of issued shares of the Company as of 30 June 2019 is 1,980,000,000. Particulars of the shares repurchased during the six months ended 30 June 2019 are as follows:

Month of repurchase	No. of shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration HK$'000	Equivalent to RMB'000
January 2019	18,552,000	1.67	1.51	30,437	26,011
March 2019	12,598,000	1.62	1.56	20,103	17,244
April 2019	23,693,000	1.69	1.63	39,394	33,853
May 2019	8,709,000	1.64	1.58	14,082	12,380
	63,552,000			104,016	89,488

The Directors consider that the repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share and net asset value per share of the Company. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL INFORMATION

The Directors acknowledge their responsibility for preparing the interim financial information of the Company. The Directors consider that in preparing the unaudited condensed consolidated interim financial information, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors are not aware of any material or significant exposures exist, other than as reflected in this announcement. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The unaudited condensed consolidated interim financial information are continually prepared on a going concern basis.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019. The Audit Committee is appointed by the Board of Directors and has three members, all of whom are Independent Non-executive Directors, being Dr. Lin Zhijun (chairman), Dr. Zhang Weijiong and Mr. Cheung Yat Ming.

INTERIM DIVIDEND

The Board proposed to pay an interim dividend of HK$4 cents per ordinary share of the Company for the six months ended 30 June 2019 to the shareholders whose names appear on the register of members of the Company on 20 September 2019. It is expected that the interim dividend will be paid on 11 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 September 2019 to 20 September 2019 (both days inclusive) during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 16 September 2019.

DISCLOSURE OF INFORMATION ON WEBSITES

This announcement will be published on the websites of the Stock Exchange and the Company (www.springlandgroup.com.cn). The interim report for the six months ended 30 June 2019 will be dispatched to shareholders of the Company and published on the above mentioned websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank all the Directors, senior management and staff members of the Group for their invaluable contribution to the Group. My gratitude also goes to all the shareholders and business partners for their constant care and support.

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

Hong Kong, 13 August 2019

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