



SOUTH CHINA LAND LIMITED

南華置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8155)

**THIRD QUARTERLY REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK
EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

QUARTERLY RESULTS

The Board of Directors (the “Board”) of South China Land Limited 南華置地有限公司 (“the Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2008, together with the comparative unaudited figures for the corresponding period in 2007, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2008 <i>HK\$'000</i> (Unaudited)	2007 <i>HK\$'000</i> (Unaudited and restated)	2008 <i>HK\$'000</i> (Unaudited)	2007 <i>HK\$'000</i> (Unaudited and restated)
Revenue	3	6,576	6,028	24,972	19,781
Direct operating expenses		(2,766)	(3,058)	(11,445)	(10,654)
Other operating income		43	12	202	29
Selling and distribution costs		(3,944)	(2,369)	(10,298)	(7,164)
Administrative expenses		(3,299)	(2,357)	(11,957)	(4,852)
Operating loss	4	(3,390)	(1,744)	(8,526)	(2,860)
Finance costs	6	(7,061)	(6,690)	(21,028)	(11,256)
Loss before income tax		(10,451)	(8,434)	(29,554)	(14,116)
Taxation	7	–	–	–	–
Loss for the period		<u>(10,451)</u>	<u>(8,434)</u>	<u>(29,554)</u>	<u>(14,116)</u>
Attributable to:					
Equity holders of the Company		(10,128)	(7,843)	(28,524)	(13,174)
Minority interests		(323)	(591)	(1,030)	(942)
		<u>(10,451)</u>	<u>(8,434)</u>	<u>(29,554)</u>	<u>(14,116)</u>
Loss per share					
– Basic	9	<u>HK2.00 cents</u>	HK1.55 cents	<u>HK5.63 cents</u>	HK2.60 cents
– Diluted	9	<u>N/A</u>	N/A	<u>N/A</u>	N/A

NOTES:

1. BASIS OF PRESENTATION

The unaudited consolidated income statement for the three months and nine months ended 30 September 2008 has not been audited by the Company's auditors but has been reviewed by the Company's audit committee.

These quarterly financial statements should be read in conjunction with the 2007 annual report.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007.

2. RESTATEMENT OF COMPARATIVE FIGURES

Certain comparative figures had been restated to conform with the current period's presentation. The non-cash imputed interest on the zero-coupon convertible notes in an amount of HK\$10,919,000 and indirect expenses in an amount of HK\$2,847,000 were expensed to the consolidated income statement, instead of capitalized as construction in progress on the consolidated balance sheet as shown in the quarterly report for the nine months ended 30 September 2007. The restatement had led to an increase in the loss for the nine months ended 30 September 2007 by HK\$13,766,000.

3. REVENUE

Revenue comprises sales of magazines, advertising income and promotion project income.

4. OPERATING LOSS

Operating loss for the three months and nine months ended 30 September 2008 is arrived at after charging depreciation of HK\$196,000 and HK\$381,000 respectively (three months and nine months ended 30 September 2007: HK\$78,000 and HK\$261,000 respectively).

5. SEGMENT INFORMATION

(a) Business segments

An analysis of the Group's revenue and operating loss by business segments are as follows:

	Turnover		Operating profit/(loss)	
	Nine months ended 30 September 2008	2007	Nine months ended 30 September 2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Publications	24,972	19,781	(516)	1,688
Property investment and development	–	–	(5,744)	(3,375)
Unallocated	–	–	(2,266)	(1,173)
	<u>24,972</u>	<u>19,781</u>	<u>(8,526)</u>	<u>(2,860)</u>

(b) **Geographical segments**

An analysis of the Group's revenue and operating loss by geographical location are as follows:

	Turnover		Operating profit/(loss)	
	Nine months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Hong Kong	24,972	19,781	(2,782)	515
Other regions of the People's Republic of China	–	–	(5,744)	(3,375)
	24,972	19,781	(8,526)	(2,860)

6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Interest and bank charges on bank borrowings repayable within five years	1,982	1,265	4,211	3,622
Non-cash imputed interest on convertible notes	7,061	6,690	21,028	10,919
Others	–	–	–	337
Total interest	9,043	7,955	25,239	14,878
Less: interest and finance cost capitalized on property under development/ construction in progress	(1,982)	(1,265)	(4,211)	(3,622)
	7,061	6,690	21,028	11,256

7. TAXATION

No Hong Kong profits tax was provided as the Group had no estimated assessable profits arising in or derived from Hong Kong during the three months and nine months ended 30 September 2008 (three months and nine months ended 30 September 2007: Nil).

8. DIVIDEND

The Board resolved not to declare the payment of a dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2008 is based on the unaudited loss attributable to the equity holders of the Company of HK\$10,128,000 and HK\$28,524,000 respectively (three months and nine months ended 30 September 2007: unaudited loss of HK\$7,843,000 and HK\$13,174,000 respectively) and on the number of 506,498,344 shares in issue (three months and nine months ended 30 September 2007: 506,498,344 shares).

Diluted loss per share for both periods were not presented because the impact of the exercise of the share options and the conversion of convertible notes was anti-dilutive.

10. MOVEMENT OF RESERVES

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited and restated)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited and restated)
Loss for the period	(10,128)	(7,843)	(28,524)	(13,174)
Equity-settled share-based compensation	226	673	1,087	1,306
Issue of convertible note	–	72,629	–	148,223
Exchange realignment	(191)	589	15,845	3,270
	<u>(10,093)</u>	<u>66,048</u>	<u>(11,592)</u>	<u>139,625</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net loss of HK\$29.6 million and HK\$10.5 million for the nine months and three months ended 30 September 2008 respectively, representing a 110% and 25% increase when comparing with the net loss of HK\$14.1 million and HK\$8.4 million in the same corresponding period last year. The increase in loss over the two periods was substantially accounted for the non-cash imputed interest on convertible notes according to the prevailing accounting standards.

For the nine months ended 30 September 2008, loss of HK\$21 million was attributable to non-cash imputed interest on convertible notes and HK\$8.5 million was operating loss while for the three months ended 30 September 2008, the net loss was consist of non-cash imputed interest on convertible notes of HK\$7.1 million and HK\$3.4 million operating loss. The increase in net loss during the period is unrelated to operating performance.

Business Review

Property Investment and Development

There was no turnover recorded for this segment during the nine months ended 30 September 2008 as the property projects held by the Group are still at their initial stage of development. Operating loss of this segment increased from HK\$3.4 million during the nine months ended 30 September 2007 to HK\$5.7 million in 2008, mainly due to the kick-off of the construction and marketing and leasing programs of the shopping complex in Shenyang.

Shenyang property project

Despite the cooling of the property market in China, the commercial market in Shenyang remains robust. Building of the upscale 7-storey shopping complex, South China Landmark Plaza, located in the prime commercial district of Shenyang City is well underway. The Principal contractor was appointed during the third quarter of 2008 and the construction of basement was launched in August 2008. We have commenced the leasing and marketing campaign for the project which looks promising and has been quite well received so far.

Cangzhou/Hebei property projects

The construction work of the phase one of Zhongjie (中捷) relocation and redevelopment project was at final stage and is expected to be accomplished in December 2008. Pre-sale was launched in April 2008 and up to the end of September 2008, 85% of the available units were sold and the cash received was recognized as receipt in advance.

In August 2008, we signed a supplementary agreement with Zhongjie government to finalize the development plan of a high-class commercial/residential area covering 866,000 square metres.

Due to the forecast of low margins upon proceeding with the relocation projects in the commercial district of Nandagang (南大港), the terms and conditions have undergone renegotiation and is still under negotiation with the local government.

Chongqing Nanchuan (重慶南川) property project

During the period, we also signed an agreement with Chongqing Nanchuan Municipal Government in relation to a property development project that covers up to 13,334,000 square metres of suburban area in Chongqing. The project includes development and construction of new and modern agricultural estates, agricultural related tourism centre, country parks and hot springs holiday resorts. Details of the development plans are still under negotiation.

Publication Business

Loss of HK\$0.5 million was recorded for this segment comparing with a net profit of HK\$1.7 million in the corresponding period last year. The increase in net loss is mainly due to the increase in staff cost and other operating expenses.

Liquidity and Financial Resources

During the nine months ended 30 September 2008, the Group's operation was financed by the internal financial resources, amounts due to related companies, convertible notes and banking facilities granted to the Group.

As at 30 September 2008, the Group had net current assets of HK\$731.7 million (31 December 2007: net current liabilities of HK\$48.5 million).

The Board is of the opinion that, after taking into account the guarantee made by South China (China) Limited, an intermediate holding company of the Company, to subsidiaries of the Company, banking facilities granted to the Group and the internal financial resources of the Group, the Group has sufficient working capital for its present requirements.

As at 30 September 2008, the Group had a gearing ratio of 44.8% (31 December 2007: 20.3%). The gearing ratio is computed on comparing the Group's total non-current bank borrowings of HK\$117.7 million to the Group's equity of HK\$262.9 million.

Material Acquisitions and Disposals

During the nine months ended 30 September 2008, the Group did not make any material acquisitions and disposals.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

During the nine months ended 30 September 2008, the Group had no significant exposure to fluctuations in exchange rates and any related hedges.

Pledge of Assets and Contingent Liabilities

At 30 September 2008, the Group pledged the property under development of a subsidiary to secure banking facilities and did not have any contingent liabilities.

Prospect

We believe the robust growth in the PRC economy will continue despite of the international financial turmoil happened recently, as we expect that the organic growth in demand from the PRC consumer market will outpace the effect of economy downturn in the US and Europe segment.

For the development of South China Landmark Plaza in Shenyang, the construction progress of the shopping complex is satisfactory and is expected to be completed before the end of 2009. With the continuous increasing spending power in the region, we expect our retail spaces will attract keen interest and the successful leasing of them will provide strong support to the Group's cashflow in the near future.

In Hebei, our current relocation projects and land redevelopment projects are made up of approximately 1,286,000 square metres in Zhongjie and approximately 620,000 square metres in Nandagang. With the completion of the sales process of property in Zhongjie, we anticipate that the project will start to bring revenue contribution to the Group in 2009. Furthermore, Phase 1 of the 866,000 square metre land redevelopment project in Zhongjie has begun as of October 2008, and the completion of legal documentation for sale of land is expected to be finalized in first half of 2009.

For other development projects in Hebei, we are considering very carefully in respect of the costs and the stages of development phases in our existing negotiation with the local government before finalising details of the future plans. We, however, are confident that the economic growth of the area will bring enormous value to our investments in the region.

The Group is considering of disposing the publication business as the scale and expected profit contribution from this segment is insignificant to the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2008, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the required standard of dealings by directors of the Company as referred to in rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange ("GEM Listing Rules") were as follows:

A. The Company

(I) Interest in shares

Name of Director	Capacity	Number of shares	Approximate % of issued share capital
Ng Hung Sang ("Mr. Ng")	Interest of controlled corporations	347,338,203 (Note b)	68.58%

(II) Interest in underlying shares

Convertible Notes

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Mr. Ng	Interest of controlled corporations	10,666,666,666 (Note c)	2,105.96%

Share options

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Ng Yuk Yeung, Paul	Beneficial owner	5,000,000 (Note d)	0.99%
Ng Yuk Fung, Peter	Beneficial owner	5,000,000 (Note d)	0.99%

B. Associated corporations

(I) Interest in shares

(i) SCH

Name of Director	Capacity		Total number of shares	Approximate % of issued share capital
	Beneficial owner	Interest of controlled corporations		
Mr. Ng	71,652,200	1,272,529,612	1,344,181,812 (Note a)	73.72%

(ii) SCC

Name of Director	Capacity	Number of shares	Approximate % of issued share capital
Mr. Ng	Interest of controlled corporations	1,983,206,785 (Note e)	74.78%

(iii) SCFH

Name of Director	Capacity	Number of shares	Approximate % of issued share capital
Mr. Ng	Interest of controlled corporations	3,660,502,500 (Note f)	72.79%

(iv) South China Financial Credits Limited (Note g)

Name of Director	Capacity	Number of shares	Approximate % of issued share capital
Ng Yuk Fung, Peter	Beneficial owner	250,000	0.59%
Ng Yuk Yeung, Paul	Beneficial owner	250,000	0.59%

(v) Prime Prospects Limited (Note h)

Name of Director	Capacity	Number of shares	Approximate % of issued share capital
Mr. Ng	Interest of a controlled corporation	30	30%

(II) Interest in underlying shares

(i) SCH

Share options

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Ng Yuk Yeung, Paul	Beneficial owner	18,000,000 (<i>Note i</i>)	0.99%
Ng Yuk Fung, Peter	Beneficial owner	18,000,000 (<i>Note i</i>)	0.99%
Ng Yuk Mui, Jessica	Beneficial owner	18,000,000 (<i>Note i</i>)	0.99%

(ii) SCC

Warrants

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Mr. Ng	Interest of controlled corporations	396,641,357 (<i>Note j</i>)	14.96%

Share options

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Ng Yuk Fung, Peter	Beneficial owner	26,000,000 (<i>Note k</i>)	0.98%
Ng Yuk Yeung, Paul	Beneficial owner	26,000,000 (<i>Note k</i>)	0.98%

(iii) SCFH

Warrants

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Mr. Ng	Interest of controlled corporations	679,350,500 (<i>Note l</i>)	14.56%

Share options

Name of Director	Capacity	Number of underlying shares	Approximate % of issued share capital
Ng Yuk Fung, Peter	Beneficial owner	50,000,000 (<i>Note m</i>)	0.99%
Ng Yuk Yeung, Paul	Beneficial owner	50,000,000 (<i>Note m</i>)	0.99%

Notes:

- (a) Mr. Ng, through controlled corporations, together with Ms. Cheung Choi Ngor and Mr. Richard Howard Gorges have interest in 487,949,760 shares of South China Holdings Limited (“SCH”). In addition, Mr. Ng personally owns 71,652,200 shares of SCH and through controlled corporations, beneficially owns 784,579,852 shares of SCH. Therefore, Mr. Ng is deemed to have interest in a total of 1,344,181,812 shares in SCH, representing approximately 73.72% in the issued share capital of SCH. SCH holds approximately 74.78% interest indirectly in South China (China) Limited (“SCC”) and approximately 72.79% interest indirectly in South China Financial Holdings Limited (“SCFH”) respectively. SCC holds approximately 68.58% interest indirectly in the Company.
- (b) By virtue of note (a) above, Mr. Ng is deemed to have interest in the shares of the Company held by a wholly-owned subsidiary of SCC.
- (c) The two convertible notes were issued to a subsidiary of SCC with the rights to convert into 5,440,000,000 and 5,226,666,666 underlying shares respectively at a conversion price of HK\$0.075 per share. By virtue of note (a) above, Mr. Ng is deemed to have interest in those underlying shares.
- (d) These share options were granted on 14 March 2007 at an exercise price of HK\$0.2166 per share with exercise periods as follows: (i) 1/3 of the total share options granted shall be exercised from the beginning of the second year from the date of grant to the end of the third year from the date of grant; (ii) 1/3 of the total share options granted shall be exercised from the beginning of the third year from the date of grant to the end of the fourth year from the date of grant; and (iii) 1/3 of the total share options granted shall be exercised from the beginning of the fourth year from the date of grant to the end of the fifth year from the date of grant. The number of share options outstanding at the beginning and at the end of the period for the nine months ended 30 September 2008 for each director was 5,000,000.
- (e) By virtue of note (a) above, Mr. Ng is deemed to have interest in those shares of SCC held by wholly-owned subsidiaries of SCH.
- (f) By virtue of note (a) above, Mr. Ng is deemed to have interest in those shares of SCFH held by wholly-owned subsidiaries of SCH.
- (g) South China Financial Credits Limited is a 98.62% owned subsidiary of SCFH.
- (h) Prime Prospects Limited is a 70% owned subsidiary of SCC.
- (i) These share options were granted on 18 September 2007 at an exercise price of HK\$2.00 per share with exercise periods as follows: (i) not more than 1/3 of the total share options granted shall be exercised from the beginning of the second year from the date of grant to the end of the tenth year from the date of grant; (ii) not more than 2/3 of the total share options granted shall be exercised from the beginning of the third year from the date of grant to the end of the tenth year from the date of grant; and (iii) all of the share options granted shall be exercised from the beginning of the fourth year from the date of grant to the end of the tenth year from the date of grant. The number of share options outstanding at the beginning and at the end of the period for the nine months ended 30 September 2008 for each director was 18,000,000.
- (j) These are warrants of SCC which entitle the holders thereof to subscribe at any time during the period from 7 September 2007 to 6 September 2010 (both days inclusive) for fully paid shares of SCC at an initial subscription price of HK\$0.40 per share (subject to adjustments). By virtue of note (a) above, Mr. Ng is deemed to have interest in those underlying shares held by wholly-owned subsidiaries of SCH.
- (k) These share options were granted on 18 September 2007 at an exercise price of HK\$1.50 per share with exercise periods as follows: (i) not more than 1/3 of the total share options granted shall be exercised from the beginning of the second year from the date of grant to the end of the tenth year from the date of grant; (ii) not more than 2/3 of the total share options granted shall be exercised from the beginning of the third year from the date of grant to the end of the tenth year from the date of grant; and (iii) all of the share options granted shall be exercised from the beginning of the fourth year from the date of grant to the end of the tenth year from the date of grant. The number of share options outstanding at the beginning and at the end of the period for the nine months ended 30 September 2008 for each director was 26,000,000.

- (l) These are warrants of SCFH which entitle the holders thereof to subscribe at any time during the period from 23 October 2007 to 22 October 2008 (both days inclusive) for fully paid shares of SCFH at an initial subscription price of HK\$0.168 per share (subject to adjustments). By virtue of note (a) above, Mr. Ng is deemed to have interest in those underlying shares held by wholly-owned subsidiaries of SCH.
- (m) Each of Mr. Ng Yuk Fung, Peter and Mr. Ng Yuk Yeung, Paul was granted with share options to subscribe for 30,000,000 shares and 20,000,000 shares on 16 March 2006 and 26 April 2006 respectively at an exercise price of HK\$0.128 per share with exercise periods as follows: (i) 1/3 of the total share options granted shall be exercised from the beginning of the second year from the date of grant to the end of the third year from the date of grant; (ii) 1/3 of the total share options granted shall be exercised from the beginning of the third year from the date of grant to the end of the fourth year from the date of grant; and (iii) 1/3 of the total share options granted shall be exercised from the beginning of the fourth year from the date of grant to the end of the fifth year from the date of grant. The number of share options outstanding at the beginning and at the end of the period for the nine months ended 30 September 2008 for each director was 50,000,000.
- (n) All interests disclosed above represent long positions.

Save as disclosed above, none of the Directors or Chief Executive of the Company had registered, as at 30 September 2008, any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register which was required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors of listed issuer.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2008, the following persons, other than the directors or chief executive of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

(i) Long position in shares

Name of shareholder	Capacity	Number of Shares	Approximate % of issued share capital
SCC	Interest of controlled corporations	347,338,203	68.58%
SCH	Interest of controlled corporations	347,338,203 (Note a)	68.58%

(ii) Long position in underlying shares of the Company

Name of shareholder	Capacity	Number of underlying shares	Approximate % of issued share capital
SCC	Interests of controlled corporations	10,666,666,666 (Note b)	2,105.96%
SCH	Interests of controlled corporations	10,666,666,666 (Note b)	2,105.96%

Notes:

- (a) SCH is deemed to be interested in those shares held by certain subsidiaries of SCC by virtue of the fact that SCC is a subsidiary of SCH.
- (b) The two convertible notes with the right to convert into 5,440,000,000 and 5,226,666,666 underlying shares respectively at a conversion price of HK\$0.075 each were issued to a wholly-owned subsidiary of SCC. As SCC is a subsidiary of SCH, SCH is deemed to be interested in the underlying shares.

Saved as disclosed above, as at 30 September 2008, no persons, other than the Directors or Chief Executives whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” had registered any interests or short positions in the shares and underlying shares of the Company as recorded in the register which was required to be kept by the Company under section 336 of the SFO.

DIRECTORS’ AND MANAGEMENT SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESSES

Mr. Ng, the Chairman and management shareholder of the Company, is also chairman of SCH and SCC. Mr. Ng, personally and through controlled corporations, has controlling interest in the Company, SCH and SCC, in which certain corporate interests as disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” are held by Mr. Ng jointly with Ms. Cheung Choi Ngor (“Ms. Cheung”) and Mr. Richard Howard Gorges (“Mr. Gorges”). Since certain subsidiaries of SCH are principally engaged in property development and investment and publication business and certain subsidiaries of SCC are principally engaged in property development and investment, Mr. Ng is regarded as interested in such competing businesses with the Group. As Ms. Cheung and Mr. Gorges are also executive directors of SCH and SCC and involve in the day-to-day management of SCH and SCC, they are regarded as interested in such competing businesses with the Group. In February 2008, the publication business of SCH (excluding those of the Group) was sold to a controlled corporation of Mr. Ng.

Mr. Ng Yuk Fung, Peter (“Mr. Peter Ng”), an Executive Director of the Company, is also an executive director of SCH and SCC. He is regarded as interested in such competing businesses with the Group.

Mr. Ng, Mr. Peter Ng and Ms. Ng Yuk Mui, Jessica (“Ms. Jessica Ng”, a Non-executive Director of the Company) are directors of a private group which operates publication business and Mr. Ng is the controlling shareholder of the private group. As such, each of Mr. Ng, Mr. Peter Ng and Ms. Jessica Ng is regarded to be interested in such competing business with the Group.

Save as disclosed above, none of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company or their respective associates has any interest in a business which competes or may compete or has any conflicts of interest with the businesses of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 2008.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman of the Committee), Dr. Lo Wing Yan, William, JP and Ms. Pong Oi Lan, Scarlett.

The Group’s unaudited results for the nine months ended 30 September 2008 were reviewed by the Audit Committee.

On Behalf of the Board
Ng Hung Sang
Chairman

Hong Kong, 11 November 2008

As at the date of this report, the Board of the Company comprises (1) Mr. Ng Hung Sang, Mr. Ng Yuk Yeung, Paul, Mr. Hui Ping and Mr. Ng Yuk Fung, Peter as executive directors; (2) Ms. Ng Yuk Mui, Jessica as non-executive director and (3) Dr. Lo Wing Yan, William, JP, Mr. Cheng Yuk Wo and Ms. Pong Oi Lan, Scarlett as independent non-executive directors.