



**SOUTH CHINA LAND LIMITED**

**南華置地有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8155)

**FIRST QUARTERLY REPORT  
FOR THE THREE MONTHS ENDED 31 MARCH 2009**

**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 the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2009, together with the comparative unaudited figures for the corresponding period in 2008, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

|   |       | Three months ended<br>31 March |                      |
|---|-------|--------------------------------|----------------------|
|   | Notes | 2009<br>HK\$'000               | 2008<br>HK\$'000     |
| <b>Revenue</b>                              | 2 & 3 | 5,547                          | 7,924                |
| Direct operating expenses                   |       | (3,255)                        | (4,222)              |
| Other operating income/(expenses)           |       | 6                              | (389)                |
| Selling and distribution costs              |       | (5,217)                        | (2,356)              |
| Administrative and other operating expenses |       | (3,827)                        | (4,875)              |
| <b>Operating loss</b>                       | 3 & 4 | (6,746)                        | (3,918)              |
| Finance costs                               | 5     | (7,197)                        | (6,798)              |
| <b>Loss before income tax</b>               |       | (13,943)                       | (10,716)             |
| Income tax expense                          | 6     | –                              | –                    |
| <b>Loss for the period</b>                  |       | <u>(13,943)</u>                | <u>(10,716)</u>      |
| <b>Loss attributable to:</b>                |       |                                |                      |
| Equity holders of the Company               |       | (13,097)                       | (10,125)             |
| Minority interests                          |       | (846)                          | (591)                |
|   |       | <u>(13,943)</u>                | <u>(10,716)</u>      |
| <b>Loss per share</b>                       | 8     |                                |                      |
| – Basic                                     |       | <u>HK(2.6) cents</u>           | <u>HK(2.0) cents</u> |
| – Diluted                                   |       | <u>N/A</u>                     | <u>N/A</u>           |

#### NOTES:

##### 1. BASIS OF PRESENTATION

The unaudited condensed consolidated income statement for the three months ended 31 March 2009 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 2008 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

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 2008.

## 2. REVENUE

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

## 3. SEGMENT INFORMATION

### a) Business segments

|                      | Three months ended<br>31 March |              | Three months ended<br>31 March       |   |
|----------------------|--------------------------------|--------------|--------------------------------------|---|
|                      | 2009                           | 2008         | 2009                                 | 2008  |
|                      | Revenue                        | Revenue      | Contribution<br>to operating<br>loss | Contribution<br>to operating<br>profit/(loss) |
|                      | HK\$'000                       | HK\$'000     | HK\$'000                             | HK\$'000                                      |
| Publications         | 5,547                          | 7,924        | (1,822)                              | 287   |
| Property development | –                              | –            | (4,528)                              | (4,618)                                       |
| Unallocated          | –                              | –            | (396)                                | 413   |
|                      | <u>5,547</u>                   | <u>7,924</u> | <u>(6,746)</u>                       | <u>(3,918)</u>                                |

### b) Geographical segments

|  | Three months ended<br>31 March |              | Three months ended<br>31 March       |   |
|--|--------------------------------|--------------|--------------------------------------|---|
|  | 2009                           | 2008         | 2009                                 | 2008  |
|  | Revenue                        | Revenue      | Contribution<br>to operating<br>loss | Contribution<br>to operating<br>profit/(loss) |
|  | HK\$'000                       | HK\$'000     | HK\$'000                             | HK\$'000                                      |
| Hong Kong  | 5,547                          | 7,924        | (2,218)                              | 700   |
| Other regions of the People's<br>Republic of China | –                              | –            | (4,528)                              | (4,618)                                       |
|  | <u>5,547</u>                   | <u>7,924</u> | <u>(6,746)</u>                       | <u>(3,918)</u>                                |

Revenue by geographical location is determined on the basis of the location where merchandise is delivered and/or service is rendered.

## 4. OPERATING LOSS

Operating loss for the three months ended 31 March 2009 is arrived at after charging depreciation of approximately HK\$128,000 (three months ended 31 March 2008: HK\$89,000).

## 5. FINANCE COSTS

|  | Three months ended<br>31 March |                  |
|--|--------------------------------|------------------|
|  | 2009<br>HK\$'000               | 2008<br>HK\$'000 |
| Interest charged on bank borrowings repayable within five years                        | 1,330                          | 1,261            |
| Non-cash imputed interest on convertible notes   | <u>7,197</u>                   | <u>6,798</u>     |
| Total interest   | 8,527                          | 8,059            |
| Less: Interest capitalized on properties under<br>development/construction in progress | <u>(1,330)</u>                 | <u>(1,261)</u>   |
|  | <u>7,197</u>                   | <u>6,798</u>     |

## 6. INCOME TAX EXPENSE

No Hong Kong profits tax was provided as the Group had no estimated assessable profit arising in or derived from Hong Kong during the three months ended 31 March 2009 (three months ended 31 March 2008: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates, based on existing legislation interpretations and practices in respect thereof.

## 7. DIVIDEND

The Board resolved not to declare the payment of a dividend for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

## 8. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31 March 2009 is based on the unaudited loss attributable to equity holders of the Company of HK\$13,097,000 (three months ended 31 March 2008: HK\$10,125,000) and on 506,498,344 shares in issue (three months ended 31 March 2008: 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.

## 9. MOVEMENT OF RESERVES

|                                   | Three months ended<br>31 March |               |
|-----------------------------------|--------------------------------|---------------|
|                                   | 2009                           | 2008          |
|                                   | HK\$'000                       | HK\$'000      |
| Loss for the period               | (13,097)                       | (10,125)      |
| Exchange realignment              | (765)                          | 21,709        |
| Employee share-based compensation | 211                            | 604           |
|                                   | <u>(13,651)</u>                | <u>12,188</u> |

## MANAGEMENT DISCUSSION AND ANALYSIS

The net loss of the Group has increased 30% from HK\$10.7 million for the three months ended 31 March 2008 to HK\$13.9 million for same period in 2009. Non-cash imputed interest expense for the convertible notes, amounting to HK\$7.2 million accounted for the majority of the loss. The operating loss for the period was HK\$6.7 million.

## BUSINESS REVIEW

### Property Investment and Development

There was no turnover recorded for this segment during the three months ended 31 March 2009 as the construction of properties held by the Group is still under progress. The launch of the marketing campaign of the shopping complex in Shenyang has led to increased selling expense for the Group. The loss of this segment remained stable at approximately HK\$4.5 million for the first quarter of both 2008 and 2009.

#### *Shenyang property project*

The Shenyang commercial property market has remained resilient despite the economic worries worldwide. Our major property development project in Shenyang, the building of the upscale 7-storey shopping complex, *Fortuna Plaza*, is well underway. Up to the end of March 2009, construction up to the second floor was fully completed. We have commenced the marketing and leasing campaign for the project which looks promising on testing of the market interest so far.

### *Cangzhou/Hebei property projects*

The construction work of phase one of Zhongjie (中捷) relocation and redevelopment project is at the final stage. The installation of periphery infrastructure such as electricity and water supplies is in progress. Pre-sale was launched in April 2008 and up to the end of March 2009, 89% of the available for sale units were sold and the cash received of around HK\$12.8 million was recognized as other payables on the consolidated balance sheet.

The relocation projects in the commercial district of Nandagang (南大港) has been put on hold as the negotiation with local government regarding the terms of the project is undergoing. However, we are open to any option to resume the projects if the forecasted return meets our expectation.

### *Chongqing Nanchuan (重慶南川) property project*

The progress of Chongqing Nanchuan project, which includes the development and construction of new and modern agricultural estates, agricultural related tourism centre, country parks and hot springs holiday resorts is satisfactory. Details of the development plans are still under negotiation with the municipal government.

### **Publication Business**

Loss of HK\$1.8 million was recorded for this segment comparing with a net profit of HK\$0.3 million for the same period last year. The increase in net loss is mainly due to the decrease in revenue during the period.

### **LIQUIDITY AND FINANCIAL RESOURCES**

During the three months ended 31 March 2009, the Group's operation was financed by internal financial resources, amounts due to related companies, convertible notes and banking facilities granted to the Group. The Board is of the opinion that, after taking into account these available resources, the Group has sufficient working capital for its present requirements.

As at 31 March 2009, the Group had net current assets of HK\$799.5 million (31 December 2008: HK\$818.3 million).

As at 31 March 2009, the Group had a gearing ratio of 62.8% (31 December 2008: 64.4%). The gearing ratio is computed on comparing the Group's total non-current bank borrowings of HK\$166.6 million to the Group's equity of HK\$265.3 million.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

During the three months ended 31 March 2009, the Group did not make any material acquisition and disposal.

### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES**

During the three months ended 31 March 2009, the Group had no significant exposure to fluctuations in foreign exchange rates and any related hedges.

### **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 March 2009, the Group pledged certain properties under development of a subsidiary to secure banking facilities and did not have any contingent liabilities.

### **PROSPECTS**

The construction of *Fortuna Plaza* in Shenyang is expected to be completed before the end of 2009 and pre-sale is expected to commence in the first half of 2009. The successful launch will provide strong support to the Group's cash flow in the near future.

In Hebei, our current relocation projects and land redevelopment projects have a total site area of around 1,286,000 square metres. With the completion of the sales process and legal documentation of the first phase's property in Zhongjie, we anticipate that the project will start to bring revenue contribution to the Group in

the second half of 2009. For Phase two of the relocation project in Zhongjie, we are considering very carefully on the cost control of the project, including the relocation compensation to the residents, land premium and the construction cost. The project is expected to be launched in the second half of 2009, which would involve the re-development of a residential area covering 9,092 square metre.

For other development projects in Hebei such as relocation project of Nandagang (南大港), negotiation with the local government regarding the terms of the projects is undergoing. We, however, are confident that the economic growth of the area will bring considerable value to our investments.

As for the publication business, the Group is considering ways to reduce cost in order to maintain greater efficiency in terms of the usage of resources. The Group does not rule out the possibility of disposing the publication business if there is no further improvement.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 March 2009, the interests and short positions of the Directors and chief executives 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 as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

### **A. The Company**

#### (I) Long position in shares

| <b>Name of Director</b>        | <b>Capacity</b>                     | <b>Number of ordinary shares</b> | <b>Approximate percentage of shareholding</b> |
|--------------------------------|-------------------------------------|----------------------------------|---|
| Mr. Ng Hung Sang<br>("Mr. Ng") | Interest of controlled corporations | 353,914,203<br>(Note b)          | 69.87%  |

#### (II) Long position in underlying shares

##### *Convertible Notes*

| <b>Name of Director</b> | <b>Capacity</b>                     | <b>Number of underlying shares</b> | <b>Approximate percentage of shareholding</b> |
|-------------------------|-------------------------------------|------------------------------------|---|
| Mr. Ng                  | Interest of controlled corporations | 10,666,666,666<br>(Note c)         | 2,105.96%                                     |

##### *Share options*

| <b>Name of Director</b> | <b>Capacity</b>  | <b>Number of underlying shares</b> | <b>Approximate percentage of shareholding</b> |
|-------------------------|------------------|------------------------------------|---|
| Mr. Ng Yuk Yeung, Paul  | Beneficial owner | 5,000,000<br>(Note d)              | 0.99%   |
| Mr. Ng Yuk Fung, Peter  | Beneficial owner | 5,000,000<br>(Note d)              | 0.99%   |

**B. Associated corporations**

## (I) Long position in shares

(i) **South China Holdings Limited (“SCH”)**

| Name of Director                            | Capacity                            | Number of ordinary shares      | Total number of ordinary shares  | Approximate percentage of shareholding |
|---|-------------------------------------|--------------------------------|----------------------------------|--|
| Mr. Ng                                      | Beneficial owner                    | 71,652,200                     | 1,344,181,812<br><i>(Note a)</i> | 73.72%                                 |
|   | Interest of controlled corporations | 1,272,529,612                  |                                  |  |
| Mr. Richard Howard Gorges<br>(“Mr. Gorges”) | Interest of controlled corporations | 487,949,760<br><i>(Note a)</i> | 487,949,760                      | 26.76%                                 |
| Ms. Cheung Choi Ngor<br>(“Ms. Cheung”)      | Interest of controlled corporations | 487,949,760<br><i>(Note a)</i> | 487,949,760                      | 26.76%                                 |

(ii) **South China (China) Limited (“SCC”)**

| Name of Director | Capacity                            | Number of ordinary shares        | Approximate percentage of shareholding |
|------------------|-------------------------------------|----------------------------------|--|
| Mr. Ng           | Interest of controlled corporations | 1,983,206,785<br><i>(Note e)</i> | 74.78%                                 |

(iii) **Prime Prospects Limited (“Prime Prospects”)** *(Note f)*

| Name of Director | Capacity                             | Number of ordinary shares | Approximate percentage of shareholding |
|------------------|--------------------------------------|---------------------------|--|
| Mr. Ng           | Interest of a controlled corporation | 30                        | 30%                                    |

## (II) Long position in underlying shares

(i) **SCH***Share options*

| Name of Director        | Capacity         | Number of underlying shares   | Approximate percentage of shareholding |
|-------------------------|------------------|-------------------------------|--|
| Mr. Ng Yuk Yeung, Paul  | Beneficial owner | 18,000,000<br><i>(Note g)</i> | 0.99%                                  |
| Mr. Gorges              | Beneficial owner | 18,000,000<br><i>(Note g)</i> | 0.99%                                  |
| Ms. Cheung              | Beneficial owner | 18,000,000<br><i>(Note g)</i> | 0.99%                                  |
| Mr. Ng Yuk Fung, Peter  | Beneficial owner | 18,000,000<br><i>(Note g)</i> | 0.99%                                  |
| Ms. Ng Yuk Mui, Jessica | Beneficial owner | 18,000,000<br><i>(Note g)</i> | 0.99%                                  |

(ii) **SCC**

*Warrants*

| <b>Name of Director</b> | <b>Capacity</b>                     | <b>Number of underlying shares</b> | <b>Approximate percentage of shareholding</b> |
|-------------------------|-------------------------------------|------------------------------------|---|
| Mr. Ng                  | Interest of controlled corporations | 396,641,357<br><i>(Note h)</i>     | 14.96%  |

*Share options*

| <b>Name of Director</b> | <b>Capacity</b>  | <b>Number of underlying shares</b> | <b>Approximate percentage of shareholding</b> |
|-------------------------|------------------|------------------------------------|---|
| Ms. Cheung              | Beneficial owner | 26,000,000<br><i>(Note i)</i>      | 0.98%   |
| Mr. Ng Yuk Yeung, Paul  | Beneficial owner | 26,000,000<br><i>(Note i)</i>      | 0.98%   |
| Mr. Ng Yuk Fung, Peter  | Beneficial owner | 26,000,000<br><i>(Note i)</i>      | 0.98%   |

*Notes:*

- (a) Corporations as to 60%, 20% and 20% own by Mr. Ng, Mr. Gorges and Ms. Cheung respectively, all of whom are considered as parties to an agreement to which Section 317 of the SFO applies, own 487,949,760 shares of 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 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 SCC. SCC holds approximately 69.87% 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) Two convertible notes were issued to a wholly-owned subsidiary of SCC with the rights to convert into 5,440,000,000 and 5,226,666,666 underlying shares of the Company 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 of the Company with exercisable 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.
- (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) Prime Prospects is a 70% owned subsidiary of SCC.
- (g) These share options were granted on 18 September 2007 at an exercise price of HK\$2.00 per share of SCH with exercisable 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.
- (h) 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 certain wholly-owned subsidiaries of SCH.



- (i) These share options were granted on 18 September 2007 at an exercise price of HK\$1.50 per share of SCC with exercisable 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.

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executives of the Company had registered 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) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2009, the following person, other than the Directors and chief executives of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO:

**(i) Long position in shares**

| <b>Name of shareholder</b> | <b>Capacity</b>                     | <b>Number of ordinary shares held</b> | <b>Approximate percentage of shareholding</b> |
|----------------------------|-------------------------------------|---------------------------------------|---|
| SCC                        | Interest of controlled corporations | 353,914,203<br><i>(Note a)</i>        | 69.87%  |
| SCH                        | Interest of controlled corporations | 353,914,203<br><i>(Note a)</i>        | 69.87%  |

**(ii) Long position in underlying shares**

*Convertible Notes*

| <b>Name of shareholder</b> | <b>Capacity</b>                      | <b>Number of underlying shares</b> | <b>Approximate percentage of shareholding</b> |
|----------------------------|--------------------------------------|------------------------------------|---|
| SCC                        | Interests of controlled corporations | 10,666,666,666<br><i>(Note b)</i>  | 2,105.96%                                     |
| SCH                        | Interests of controlled corporations | 10,666,666,666<br><i>(Note b)</i>  | 2,105.96%                                     |

*Notes:*

- (a) SCH is deemed to be interested in those shares held by a wholly-owned subsidiary of SCC by virtue of the fact that SCC is a subsidiary of SCH.
- (b) Two convertible notes with the right to convert into 5,440,000,000 and 5,226,666,666 underlying shares of the Company 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 those underlying shares.

Save as disclosed above, as at 31 March 2009, no person, other than the Directors or chief executives of the Company, 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" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES**

Mr. Ng, the Chairman and management shareholder of the Company, is also the chairman of SCH and SCC. Mr. Ng, personally and through controlled corporations, had controlling interest in the Company, SCH and SCC, in which certain corporate interest as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" are held by Mr. Ng jointly with Mr. Gorges, an Executive Director of the Company (who is also an executive director of SCC and SCH) and Ms. Cheung, an Executive Director of the Company (who is also an executive director of SCC and SCH). Mr. Ng Yuk Fung, Peter ("Mr. Peter Ng"), an Executive Director of the Company, is also an executive director of SCH and SCC. Ms. Ng Yuk Mui, Jessica ("Ms. Jessica Ng"), a Non-Executive Director of the Company, is also a non-executive director of SCH and SCC. Since certain subsidiaries of SCH and SCC are principally engaged in property development and investment business, each of Mr. Ng, Mr. Gorges, Ms. Cheung, Mr. Peter Ng and Ms. Jessica Ng are regarded as interested in such competing businesses of the Group.

Mr. Ng is the controlling shareholder of South China Media Limited ("SC Media") and Jessica Publications (BVI) Limited ("Jessica") and a director of SC Media, and each of Ms. Jessica Ng and Mr. Peter Ng is a director of SC Media and Jessica. Both SC Media and Jessica are principally engaged in the publication business which are considered as competing businesses of the Group. Accordingly, each of Mr. Ng, Ms. Jessica Ng and Mr. Peter Ng is regarded as interested in such competing businesses of the Group.

The Directors are of the view that the Company can carry on its business independently of and at arm's length from the business of SC Media and Jessica as the Group's relevant publication business has its own target reader market and contents which are different from those of SC Media and Jessica.

Save as disclosed above, as at 31 March 2009, none of the Directors or any of their respective associates had any interest in any business which causes or may cause any competition with the business of the Group or any conflicts with the interests of the Group.

## **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 Audit Committee), Dr. Lo Wing Yan, William, JP and Ms. Pong Oi Lan, Scarlett.

The Group's unaudited results for the three months ended 31 March 2009 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## **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 three months ended 31 March 2009.

On behalf of the Board  
**South China Land Limited**  
南華置地有限公司  
**Ng Hung Sang**  
Chairman

Hong Kong, 12 May 2009

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