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 2010

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 2010, together with the comparative unaudited figures for the corresponding period in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Revenue	*2 & 3*	**7,076**	5,547
Direct operating expenses		**(2,856)**	(3,255)
Other operating income		**56**	6
Selling and distribution costs		**(4,709)**	(5,217)
Administrative and other operating expenses		**(6,085)**	(3,827)
Operating loss	*3 & 4*	**(6,518)**	(6,746)
Finance costs	*5*	**(1,156)**	(7,197)
Loss before income tax		**(7,674)**	(13,943)
Income tax expense	*6*	**–**	–
Loss for the period		**(7,674)**	(13,943)
Loss for the period attributable to:			
Equity holders of the Company		**(6,712)**	(13,097)
Minority interests		**(962)**	(846)
		(7,674)	(13,943)
Loss per share	*8*		
– Basic		**HK (0.1) cents**	HK (2.6) cent
– Diluted		**N/A**	N/A

NOTES:

1. BASIS OF PRESENTATION

The unaudited consolidated income statement for the three months ended 31 March 2010 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 2009 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 Rules Governing the Listing of Securities on the GEM 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 2009.

2. REVENUE

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

3. SEGMENT INFORMATION

a) Business segments

	Three months ended 31 March		Three months ended 31 March	
	2010	2009	**2010**	2009
	Revenue	Revenue	**Contribution to operating profit/(loss)**	Contribution to operating loss
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Publications	**7,076**	5,547	**858**	(1,822)
Property development	**–**	–	**(7,113)**	(4,528)
Unallocated	**–**	–	**(263)**	(396)
	7,076	5,547	**(6,518)**	(6,746)

b) Geographical segments

	Three months ended 31 March		Three months ended 31 March	
	2010	2009	**2010**	2009
	Revenue	Revenue	**Contribution to operating profit/(loss)**	Contribution to operating loss
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**7,076**	5,547	**595**	(2,218)
Other regions of the People's Republic of China	**–**	–	**(7,113)**	(4,528)
	7,076	5,547	**(6,518)**	(6,746)

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 2010 is arrived at after charging depreciation of approximately HK$135,000 (three months ended 31 March 2009: HK$128,000).

5. FINANCE COSTS

	Three months ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Interest charged on bank borrowings repayable within five years	**5,357**	1,330
Non-cash imputed interest on convertible notes	**–**	7,197
Interest charged on loan from shareholders *(Note)*	**1,156**	–
Total interest	**6,513**	8,527
Less: Interest capitalized on properties under development	**(5,357)**	(1,330)
	1,156	7,197

Note: On 1 March 2010, the Company has entered into certain loan agreements with two shareholders of the Company for shareholder's loans of total HK$270 million to provide the Company with capital to acquire a property project in the People's Republic of China. The loans are unsecured, interest-bearing at the prime lending rate charged from time to time by The HongKong and Shanghai Banking Corporation Limited. No repayment is required until the Company is financially capable to do so.

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 2010 (three months ended 31 March 2009: 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 2010 (three months ended 31 March 2009: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31 March 2010 is based on the unaudited loss attributable to equity holders of the Company of HK$6,712,000 (three months ended 31 March 2009: HK$13,097,000) and on the weighted average number of 11,175,539,541 shares in issue (three months ended 31 March 2009: 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 31 March	
	2010	2009
	HK$'000	*HK$'000*
Loss for the period	**(6,712)**	(13,097)
Exchange realignment	**1,430**	(765)
Employee share-based compensation	**63**	211
	(5,219)	(13,651)

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net loss of HK$7.7 million for the three months ended 31 March 2010, representing a 45% decrease over the same period in 2009. The decrease in net loss is mainly attributable to the imputed interest expense for the convertible notes, amounting to HK$7.2 million which caused substantially the loss in the same period in 2009 and upon conversion in August 2009, no longer affects the Group's results in the current period. The increase in advertising income from the publication business was offset by the increase in administrative and operating expenses incurred for our major property development project, *Fortuna Plaza* in Shenyang during the period.

BUSINESS REVIEW

Property Investment and Development

The major property development projects held by the Group are still under progress and there is no turnover recorded for this segment during the three months ended 31 March 2010. During the period, there was significant increase in selling and distribution costs and administrative and other operating expenses because of the recruitment of marketing teams and the launch of promotional campaigns of *Fortuna Plaza*, a shopping complex of gross floor area over 110,000 square metres in Shenyang which is our key investment in the PRC pending for grand opening later this year. The operating loss of this segment increased from HK$4.5 million for the three months ended 31 March 2009 to HK$7.1 million for the three months ended 31 March 2010.

Shenyang property projects

The marketing campaign for *Fortuna Plaza* was launched during the first quarter of 2009 and the market response has been highly positive. Up to 31 March 2010, construction of the concrete structure of *Fortuna Plaza* was fully completed. The installation of interior equipment and interior decorations commenced in the third quarter and fourth quarter of 2009 respectively. We have employed an independent valuer to evaluate the gross development value of *Fortuna Plaza* in June 2009. Its expected value upon completion of construction was estimated at RMB2.8 billion.

Regarding the property development project in Dadong District (大東區) of Shenyang which the Group acquired in May 2009 with a site area of 44,916 square metres, it is our intention to build a shopping complex to house a diversified range of entertainment and recreational facilities, a wide variety of fine dining restaurants, lifestyle and fashionable retail stores. The Group is discussing with the local government on the relocation plan and the construction design of the project is in progress.

On 3 March 2010, the Group successfully won the bid by way of public tender for acquisition of land use right in respect of a piece of land for another property development project in Huanggu District (皇姑區), Shenyang, the PRC, with a site area of approximately 67,000 square metres for a consideration of approximately HK$1,336 million. An initial deposit of approximately HK$267 million was paid on 3 March 2010.

Cangzhou/Hebei property projects

The construction work of phase one of Zhongjie (中捷) relocation and redevelopment project was completed. The installation of periphery infrastructure such as electricity and water supplies is in final stage. Pre-sale was launched in April 2008 and up to the end of March 2010, 89% of the available for sale units were sold and the cash received of around HK$14.6 million was recognized as other payables on the consolidated statement of financial position. The Group is in the process of application for property sales permit.

Publication Business

Profit of HK$0.9 million was recorded for this segment comparing with a net loss of HK$1.8 million for the same period last year. The profit for this segment is mainly due to the increase in advertising revenue during the period.

LIQUIDITY AND FINANCIAL RESOURCES

During the three months ended 31 March 2010, the Group's operation was financed by internal financial resources, banking facilities and loans from shareholders. 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 2010, the Group had net current assets of HK$95 million (31 December 2009: HK$94.3 million).

As at 31 March 2010, the Group had a gearing ratio of 33.3% (31 December 2009: 29.3%). The gearing ratio is computed on comparing the Group's total non-current bank borrowings of HK$422.3 million to the Group's equity of HK$1,267.6 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

On 24 March 2010, the Company announced that it has entered into an Agreement with a company wholly owned by Mr. Ng, the Chairman and a substantial shareholder of the Company, for the sale of two shares in Media Bonus Limited and the respective shareholder's loan at a consideration of HK$100,000.00. Media Bonus Limited and its subsidiaries are wholly owned subsidiaries of the Company and are engaged in the publication business. The sale is classified as a very substantial disposal and connected transaction for the Company and is subject to the approval of the independent shareholders at an extraordinary general meeting to be convened. Following the sale, the Company will cease to engage in publication business. Please refer to the Company's announcement made on 24 March 2010 for further details.

Other than the above, the Group did not make any material acquisition and disposal during the three months ended 31 March 2010.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

During the three months ended 31 March 2010, 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 2010, 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 on schedule and is expected to be completed in the first half of 2010 that will be followed by the grand opening of the shopping mall anticipated in around the third quarter of 2010. The market response to our recent promotion campaign is encouraging. We are confident that, the successful launch of the project will provide a strong support to the Group's cash flow and branding in Shenyang in the near future. This will facilitate the development and marketing of our Dadong District project.

For the new property development project in the Dadong District of Shenyang, the relocation of existing tenants is expected to commence in 2010. At present, there are blocks of buildings with residents and retail shops on the site and the Government of Shenyang will be responsible for the relocation of those existing tenants. We plan to develop a complex comprising of a commercial retail podium with a gross floor area of over 503,000 square metres and a few residential towers of approximately 67,000 square metres, making a total of approximately 570,000 square metres. The development will serve as the landmark development of the Group in the region in addition to *Fortuna Plaza*, creating a centre point for people to retreat and relax. It is estimated that the entire development period will take about four years.

For the new property development project in the Huanggu District, we plan to develop a complex comprising of a mega shopping mall, A-grade offices, service apartments and residential towers of total gross floor area of approximately 1,000,000 square metres. The Government of Shenyang will be responsible for relocating existing tenants on the site. The Group intends to create a landmark in Shenyang's third commercial centre. The new development aspires to enhance the proposed Chang Jian pedestrian shopping street (長江步行購物街), the third largest commercial centre in Shenyang and one of the most important lifestyle shopping districts, by constructing connections by way of roads, streets, footpaths to existing developments. The brisk development in tourism, entertainment and financial services in Shenyang fits the need to create a new centre point in the region and to provide additional recreational facilities to its neighborhood.

In Hebei, our current relocation projects and land redevelopment projects comprise the Zhongjie and Nandagang (南大港) projects.

The progress of the sales procedures and the preparation of legal documentation of the first phase's property in Zhongjie is in the final stage and we anticipate that the project will start to bring revenue contribution to the Group in 2010. Nandagang project involves around 619,000 square metres (930 mu) of site area with the first phase of around 51,000 square metres (77 mu) is undergoing design submission with the local government.

Phase two of Zhongjie relocation and redevelopment project has commenced in 2010. Though with higher relocation requirements and rising construction costs, we expect the profitability per square metre of the phase two development will improve as local sales price of property has been rising in the past two years.

We are confident that, with the assistance of the local government policy, rapid economic growth will be observed in the region in the near future, which would bring considerable value to our investments. We are also actively seeking investment opportunities in other cities in PRC.

As for the publication business, on 24 March 2010, the Company announced that it has entered into an agreement with a company wholly owned by Mr. Ng, the Chairman and a substantial shareholder of the Company, for the disposal of the Group's publication business. The sale is classified as a very substantial disposal and connected transaction for the Company and is subject to the approval of the independent shareholders at an extraordinary general meeting to be convened. Following the sale, the Company will cease to engage in publication business. Please refer to the section "Material Acquisitions and Disposals of Subsidiaries and Associates" of this announcement and the Company's announcement dated 24 March 2010 for details.

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 2010, 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:

The Company

A. Long position in shares

Name of Director	Capacity	Number of ordinary shares	Total number of ordinary shares	Approximate percentage of shareholding
Ng Hung Sang ("Mr. Ng")	Beneficial owner	360,625,739	7,427,188,667	66.44%
	Interests of spouse	967,923,774		
	Interest of controlled corporations	6,098,639,154 *(Note a)*		
Ng Yuk Yeung, Paul ("Paul Ng")	Beneficial owner	2,602,667		0.02%
Ng Yuk Fung, Peter ("Peter Ng")	Beneficial owner	1,666,667		0.01%

B. *Long position in the underlying shares*

Share options

Name of Director	**Capacity**	**Number of underlying shares**	**Approximate percentage of shareholding**
Paul Ng	Beneficial owner	3,333,333 *(Note b)*	0.03%
Peter Ng	Beneficial owner	3,333,333 *(Note b)*	0.03%

Notes:

(a) The 6,098,639,154 shares of the Company held by Mr. Ng through controlled corporations include 1,088,784,847, 1,150,004,797, 1,817,140,364, 1,728,362,917, 76,464,373 and 237,881,856 shares held by Bannock Investment Limited ("Bannock"), Earntrade Investments Limited ("Earntrade"), Fung Shing Group Limited ("Fung Shing"), Parkfield Holdings Limited ("Parkfield"), Ronastar Investments Limited ("Ronastar") and Worldunity Investments Limited ("Worldunity") respectively. Fung Shing, Parkfield and Ronastar are wholly-owned by Mr. Ng. Mr. Ng holds Worldunity indirectly through South China Holdings Limited ("SCH"), which is owned as to 73.72% by Mr. Ng, while Bannock is a wholly-owned subsidiary of Earntrade which is owned as to 60% by Mr. Ng, 20% by Mr. Richard Howard Gorges ("Mr. Gorges") and 20% by Ms. Cheung Choi Ngor ("Ms. Cheung"). As such, Mr. Ng was deemed to have interest in 237,881,856 shares held by Worldunity and 2,238,789,644 shares held by Bannock and Earntrade

(b) 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. Each of Mr. Peter Ng and Mr. Paul Ng has exercised his 1,666,667 share options on 12 and 13 March 2010 respectively. The number of outstanding options granted to each of Mr. Peter Ng and Mr. Paul Ng at 1 January 2010 and 31 March 2010 is 5,000,000 and 3,333,333 share options respectively.

Save as disclosed above, as at 31 March 2010, 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) 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 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 2010, 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:

Long position

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of shareholding
Earntrade	Beneficial owner and interest of controlled corporation	2,238,789,644 *(Note a)*	20.03%
Fung Shing	Beneficial owner	1,817,140,364	16.26%
Parkfield	Beneficial owner	1,728,362,917	15.46%
Bannock	Beneficial owner	1,088,784,847 *(Note a)*	9.74%
Ng Lai King, Pamela ("Mrs. Ng")	Beneficial owner and interest of spouse	7,427,188,667 *(Note b)*	66.44%

Notes:

(a) Bannock is a wholly-owned subsidiary of Earntrade. The 2,238,789,644 shares in the Company held by Earntrade include 1,088,784,847 shares held by Bannock directly.

(b) Mrs. Ng is the spouse of Mr. Ng, the Chairman and an Executive Director of the Company. By virtue of the SFO, Mrs. Ng is deemed to be interested in the 360,625,739 shares and 6,098,639,154 shares held by Mr. Ng beneficially and through controlled corporations respectively 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" above.

Save as disclosed above, as at 31 March 2010, 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 BUSINESS

Mr. Ng, the Chairman and management shareholder of the Company, is also the chairman of SCH and South China (China) Limited ("SCC"). Mr. Ng, personally and through controlled corporations, had controlling interest in the Company, SCH and SCC, in which certain corporate interest in SCH and SCC are held by Mr. Ng jointly with Mr. Gorges, an Executive Director of the Company (who is also an executive director of SCH and SCC) and Ms. Cheung, an Executive Director of the Company (who is also an executive director of SCH and SCC). 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 business 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 SCH and SCC and there is no direct competition amongst the three listed groups.

Mr. Ng is the controlling shareholder of South China Media Limited ("SC Media"), Jessica Publications (BVI) Limited ("Jessica") and Ace Market Investments Limited ("Ace Market") and is a director of SC Media and Ace Market, and each of Ms. Jessica Ng and Mr. Peter Ng is a director of SC Media, Jessica and Ace Market. SC Media, Jessica and Ace Market are principally engaged in the publication business which is considered as competing business of the Group. Accordingly, each of Mr. Ng, Ms. Jessica Ng and Mr. Peter Ng is regarded as interested in such competing business 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, Jessica and Ace Market as the Group's relevant publication business has its own target reader market and contents which are different from those of SC Media, Jessica and Ace Market. Further, the Company has announced its sale of publication business on 24 March 2010, there will not be any issue of competing business following the completion of the sale.

Save as disclosed above, as at 31 March 2010, 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, J.P. and Ms. Pong Oi Lan, Scarlett.

The Group's unaudited results for the three months ended 31 March 2010 have been reviewed by the Audit Committee.

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 2010.

By Order of the Board
South China Land Limited
南華置地有限公司
Ng Hung Sang
Chairman

Hong Kong, 11 May 2010

As at the date of this report, the Directors of the Company are (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 as non-executive director; and (3) Dr. Lo Wing Yan, William, J.P., Mr. Cheng Yuk Wo and Ms. Pong Oi Lan, Scarlett as independent non-executive directors.