



**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 2012**

**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 (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2012, together with the comparative unaudited figures for the corresponding period in 2011, as follows:

### CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<b>Three months ended 31 March</b>	
		<b>2012</b>	<b>2011</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
			(Restated)
Revenue	2	21,883	1,511
Other operating income		65	141
Selling and distribution costs		(62)	(2,504)
Administrative and other operating expenses		<u>(6,816)</u>	<u>(10,056)</u>
Operating profit/(loss)	4	15,070	(10,908)
Finance costs	5	<u>(12,001)</u>	<u>(9,500)</u>
Profit/(loss) before income tax		3,069	(20,408)
Income tax expense	6	<u>—</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<b><u>3,069</u></b>	<b><u>(20,408)</u></b>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		5,894	(17,064)
Non-controlling interests		<u>(2,825)</u>	<u>(3,344)</u>
		<b><u>3,069</u></b>	<b><u>(20,408)</u></b>
<b>Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period</b>	8		
Basic		0.05 cent	(0.1) cent
Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Profit/(loss) for the period</b>	3,069	(20,408)
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>2,235</u>	<u>8,853</u>
<b>Total comprehensive income for the period</b>	<u><u>5,304</u></u>	<u><u>(11,555)</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	7,428	(9,801)
Non-controlling interests	<u>(2,124)</u>	<u>(1,754)</u>
	<u><u>5,304</u></u>	<u><u>(11,555)</u></u>

*Notes:*

### 1. BASIS OF PRESENTATION

The unaudited consolidated results for the three months ended 31 March 2012 have not been audited by the Company's auditor but have been reviewed by the Company's audit committee.

These unaudited consolidated results should be read in conjunction with the audited 2011 annual results.

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.

### 2. REVENUE

Revenue comprises entrusted management fee accrued from Green Orient Investment Limited, an indirect wholly-owned subsidiary of South China (China) Limited ("SCC").

On 2 November 2011, Crystal Hub Limited entered into an agreement of entrusted management (the "Agreement") as the Grantor with Green Orient Investments Limited, an indirect wholly-owned subsidiary of SCC, as the Grantee for the exclusive right to manage the investment properties of the Group, at the basic fee of RMB80 million per annum (plus performance fee) for a term of one year which is renewable annually at the option of the Grantee until 31 December 2026. Please refer to the Company's announcement and circular made on 2 November 2011 and 19 December 2011 respectively for further details. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 6 January 2012.

### 3. SEGMENT INFORMATION

#### (a) Business segments

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

	Property investment and development	
	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Reportable segment revenue	21,883	1,511
<b>Group revenue</b>	<b>21,883</b>	<b>1,511</b>
Reportable segment profit/(loss)	17,966	(10,857)
Other corporate expenses	(2,896)	(51)
Finance costs	(12,001)	(9,500)
Profit/(loss) before income tax	<b>3,069</b>	<b>(20,408)</b>

#### (b) Geographical segments

An analysis of the Group's revenue by geographical location is as follows:

	Revenue from external customers	
	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Hong Kong (domicile)	-	-
The PRC	21,883	1,511
	<b>21,883</b>	<b>1,511</b>

### 4. OPERATING PROFIT/(LOSS)

	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Operating profit/(loss) is arrived at after charging/(crediting):		
Exchange loss, net	2,650	165
Depreciation	148	307
Employee benefit expense (including directors' emoluments)	3,847	6,333
Less: employee benefit expense capitalised in properties under development	(3,294)	(3,891)
	553	2,442
Operating leases rentals	<b>160</b>	<b>305</b>

5. FINANCE COSTS

	Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Interest charged on bank borrowings wholly repayable within five years	11,845	9,318
Interest charged on loans from shareholders	3,227	3,756
Interest charged on loan from a related company	972	182
	<hr/>	<hr/>
Total interest	16,044	13,256
Less: interest capitalised in properties under development	(4,043)	(3,756)
	<hr/>	<hr/>
	<b>12,001</b>	<b>9,500</b>
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in or derived from Hong Kong during the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

No provision for the PRC enterprise income taxes has been made during the period as the subsidiaries operated in the PRC had no assessable profits for the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

7. DIVIDEND

The Board resolved not to declare any dividend payment for the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Unaudited profit/(loss) attributable to owners of the Company, used in the basic earnings/loss per share calculations:	<hr/>	<hr/>
	5,894	(17,064)
	<hr/>	<hr/>
	Three months ended 31 March	
	2012	2011
Weighted average number of ordinary shares		
– for the purpose of basic earnings/loss per share calculation	<hr/>	<hr/>
	11,178,498,344	11,178,498,344
	<hr/> <hr/>	<hr/> <hr/>

The Company's share options have no dilution effect for the periods ended 31 March 2012 and 2011 because the exercise price of the Company's share options were higher than the average market prices of the shares for both periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a profit attributable to the Company for the three months ended 31 March 2012 amounting to HK\$5.89 million (three months ended 31 March 2011: loss of HK\$17.06 million), mainly attributable to the commencement of the entrusted management agreement with accrued related management fee being received by the Group, together with the reduction of the operating expenses incurred on *Fortuna Plaza*.

## FINANCIAL REVIEW

The Group's revenue comprised mainly the entrusted management fee accrued for the three months ended 31 March 2012.

During the period under review, the administrative and other operating expenses were HK\$6.82 million (three months ended 31 March 2011: HK\$10.06 million). The reduction was due to lesser expenses being incurred on *Fortuna Plaza*.

Finance costs totaling HK\$12 million represented interest expenses in relation to bank borrowings, loans from shareholders and loan from a related company (three months ended 31 March 2011: HK\$9.5 million).

## BUSINESS REVIEW

### Property Investment and Development

Shenyang's economy remained stable and the consumer market remained active in Shenyang. Riding on the strong and growing purchasing power and domestic demand, we see some luxury brands joining the Shenyang retail market. More sizable shopping malls with high-end market target will come on stream in Zhongjie Street by the end of this year and this should push up rents as well as tenants' quality.

#### *Shenyang property projects*

With the effect of entrusted management agreement for *Fortuna Plaza* in this quarter, the related income of HK\$21.88 million was accrued for the three months ended 31 March 2012. The profit before finance cost and income tax of this segment is HK\$17.97 million for the three months ended 31 March 2012.

With regard to the Dadong District (大東區) property development project with a site area of 44,916 square meters, it is the management's intention to build a shopping complex to house a diversified range of entertainment and recreational facilities, a wide variety of fine dining restaurants and fashionable retail stores. The development of the land is planned to be divided into two phases and the first phase on the southern lot with site area of 11,138 square meters out of total site area of 44,916 square meters is in the process of relocation and demolition. The local government has started up the relocation plan and the construction work for the foundation should commence in the third quarter of 2012.

For the property development project in Huanggu District (皇姑區) with a site area of approximately 67,000 square meters, the total consideration was approximately HK\$1,449 million and approximately HK\$289.95 million has been paid. It is the Group's intention to build a multi-purpose development with luxury residential flats, A-grade offices and an upscale shopping mall. We are negotiating with the local government for the timetable of relocation and construction. As planned, the relocation project should commence at the beginning of 2013.

### *Cangzhou/Hebei property projects*

The construction work of phase one of Zhongjie (中捷) relocation and redevelopment project was completed. The development area of phase one is approximately 6,000 square meters and there remains an additional 130,000 square meters in the vicinity which may become available to the Group for redevelopment. Construction works for block 4 of phase two of Zhongjie (中捷) relocation and redevelopment project commenced in 2011 and is expected to be completed in 2012. The Group is currently discussing with the local government on the details of the relocation policies.

The Group is involved in the development of a new town which is situated about 15 kilometers east of Cangzhou City (滄州市), 60 kilometers from Huanghua Port (黃驊港), 120 kilometers from Tianjin and 220 kilometers from Beijing. Huanghua Port is within the Tianjin-Bohai Coastal Economic Development Area (天津渤海沿海經濟開發區). The new town has been selected by the local authority as a strategic location for the development of the area and will be the centre of all the government offices of Cang County (滄縣). The site covers a total area of about 16,000,000 square meters, of which about 5,870,000 square meters is reserved for industrial use and about 4,000,000 square meters is reserved for commercial/residential use. The Group's estimated cost for the infrastructure construction would be in the region of about RMB1 billion. The Group is discussing with the local government to obtain the permit for construction of road infrastructure and the local government is now processing the procedures for their internal land tendering. The management believes that, with the continuous growth of the economy of Mainland China, the Cangzhou City (滄州市) project has excellent investment potential.

The Group is involved in an Urban Complex Development Project which includes the development of commercial, financial services, entertainment, office and residential areas in Huanghua New City (黃驊新城). The site covers a total area of about 305,000 square meters and the total investment will be RMB1.6 billion. The site is situated in the northwest of Jinguang Lake (景觀湖) in the centre of Huanghua New City (黃驊新城). According to the master development plan of Huanghua New City (黃驊新城), major development for the site will include offices headquarters, mega shopping malls, entertainment business area and A-grade residential towers. The local government approved our submitted design and planning of the city outlays and they are preparing the procedure for land tendering and registration according to aforesaid agreement.

### **LIQUIDITY AND FINANCIAL RESOURCES**

During the three months ended 31 March 2012, the Group's operation was financed by internal resources, banking facilities and loans from shareholders and a related company. 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 2012, the net current assets of the Group were HK\$560.42 million (31 December 2011: net current assets of HK\$601.39 million).

As at 31 March 2012, the gearing ratio of the Group was **48.43%** (31 December 2011: 50.50%). The gearing ratio is computed on comparing the Group's total bank borrowings and loans from shareholders and a related company of **HK\$1,124.76** million to the Group's equity of **HK\$2,322.23** million.

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

The Group did not make any material acquisition or disposal during the three months ended 31 March 2012.

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

During the three months ended 31 March 2012, the Group had no significant exposure to fluctuations in foreign exchange rates or any related hedges.

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

As at 31 March 2012, the Group pledged certain investment properties of a subsidiary to secure banking facilities and did not have any contingent liabilities.

## **PROSPECTS**

Following the entering into of the entrusted management agreement with SCC, the Group can afford more time and resources on the operation of investment projects of Dadong and Huanggu districts in Shenyang.

For the property development project in the Dadong District of Shenyang, the relocation of existing residents in the southern Dadong District is in progress and is expected to be completed in the second quarter of 2012, and the construction of foundation works will commence afterwards. On the first phase development in the southern Dadong District, we plan to develop a complex comprising a commercial retail podium including entertainment and dining, residential, and basement shopping mall and car parking spaces, making up a total of approximately 182,000 square meters. The relocation for the second phase development of northern Dadong District will start in the first quarter of 2013. The northern lot with a site area of 28,600 square meters is planned for development of a shopping mall, residential and apartment towers with a gross floor area of 380,000 square meters. The development will serve as the landmark development of the Group in the region in addition to *Fortuna Plaza*.

For the property development project in the Huanggu District of Shenyang, we plan to develop a complex comprising a mega shopping mall, A-grade offices, serviced apartments and residential towers of total gross floor areas of approximately 1,000,000 square meters. The Shenyang Government will be responsible for the relocation of those existing residents 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 Jiang 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 the existing developments. The brisk development in tourism, entertainment and financial services in Shenyang fits the need for creating a new centre point in the region and providing additional recreational facilities to its neighborhood. The project is divided into two phases and relocation of existing residents in the southern Huanggu District of Shenyang is planned to commence in first quarter of 2013. We are in the process of negotiation with the local government for the timeframe of the relevant execution plan.



In Hebei, our current land redevelopment projects comprise the Zhongjie (中捷) 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 (中捷) are at the final stage and we are confident that the project will start to bring in revenue to the Group in the near future. The Nandagang (南大港) project involves around 620,000 square meters of site area with the first phase of around 50,000 square meters which is undergoing design submission with the local government. Notwithstanding higher relocation requirements and rising construction costs, we expect the profitability per square meter of the phase two developments to improve as local sales prices of property have been rising in the past two years.

## **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 2012, 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 of Hong Kong Limited (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*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares</b>	<b>Total number of ordinary shares</b>	<b>Approximate percentage of shareholding</b>
Ng Hung Sang ("Mr. Ng")	Beneficial owner	363,393,739	7,495,060,667	67.05%
	Interests of spouse	967,923,774		
	Interest of controlled corporations	6,163,743,154 (Note a)		
Ng Yuk Yeung, Paul ("Paul Ng")	Beneficial owner		2,602,667	0.02%
Ng Yuk Fung, Peter ("Peter Ng")	Beneficial owner		481,666,667	4.31%

#### *B. Long position in the underlying shares*

##### **Share options**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of underlying shares</b>	<b>Approximate percentage of shareholding</b>
Paul Ng	Beneficial owner	Nil (Note b)	N/A
Peter Ng	Beneficial owner	Nil (Note b)	N/A

*Notes:*

- (a) The 6,163,743,154 shares of the Company held by Mr. Ng through controlled corporations include 1,088,784,847 shares held by Bannock Investment Limited (“Bannock”), 1,150,004,797 shares held by Eartrade Investments Limited (“Eartrade”), 1,817,140,364 shares held by Fung Shing Group Limited (“Fung Shing”), 1,728,362,917 shares held by Parkfield Holdings Limited (“Parkfield”), 76,464,373 shares held by Ronastar Investments Limited (“Ronastar”), 237,881,856 shares held by Worldunity Investments Limited (“Worldunity”) and 65,104,000 shares held by South China Strategic Limited (“SC Strategic”). Fung Shing, Parkfield and Ronastar are all wholly-owned by Mr. Ng. Mr. Ng holds Worldunity and SC Strategic indirectly via South China Holdings Limited (“SCHP”) and South China (China) Limited (“SCC”) respectively, which is owned as to 73.72% and 63.01% by Mr. Ng, while Bannock is a wholly-owned subsidiary of Eartrade 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 the 237,881,856 shares held by Worldunity, the 65,104,000 shares held by SC Strategic and the 2,238,789,644 shares held by Bannock and Eartrade.
- (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. 1,666,666 share options of each of Mr. Peter Ng and Mr. Paul Ng lapsed on 14 March 2012. The outstanding options granted to each of Mr. Peter Ng and Mr. Paul Ng at 1 January 2012 and 31 March 2012 were 1,666,666 and Nil share options respectively.

Save as disclosed above, as at 31 March 2012, 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 2012, the following persons, 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**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding</b>
Eartrade	Beneficial owner and interest of controlled corporation	2,238,789,644 ( <i>Note a</i> )	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 ( <i>Note a</i> )	9.74%
Ng Lai King, Pamela ("Ms. Ng")	Beneficial owner and interest of spouse	7,495,060,667 ( <i>Note b</i> )	67.05%

*Notes:*

- (a) Bannock is a wholly-owned subsidiary of Eartrade. The 2,238,789,644 shares in the Company held by Eartrade include 1,088,784,847.
- (b) Ms. Ng is the spouse of Mr. Ng, the Chairman and an Executive Director of the Company. By virtue of the SFO, Ms. Ng is deemed to be interested in the 363,393,739 shares and 6,163,743,154 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 2012, 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.

## **EMPLOYEES’ SHARE AWARD SCHEME**

On 18 March 2011, the Company adopted an employees’ share award scheme (the “Scheme”) for recognizing the contributions by certain employees of the Group, giving incentive to them in order to retain them for the continual operation and development of the Group and attracting suitable personnel for the development of the Group. Pursuant to the Scheme, a sum up to HK\$20 million would be used for the purchase of shares of the Company and/or SCC (the “Shares”) from market which would be held on trust by the trustee for the selected employees of the Group. The selected employees and the reference awarded sum for the purchase of Shares to be awarded shall be determined by the Board from time to time at its absolute discretion.

Unless terminated earlier by the Board or all awarded Shares vested, the Scheme shall be valid and effective for a term of 15 years commencing on the date of adoption.

As at 31 March 2012, 1,472,000 shares of the Company and 432,000 shares of SCC were granted to the Group’s selected employees (without Directors) under the Scheme, and the above shares should vest in the selected employees upon their completion of 18 months of services with the Group or on 31 December 2012, whichever is later.

As at 31 March 2012, 1,488,000 shares of the Company and 448,000 shares of SCC were granted to the Group’s selected employees (without Directors) under the Scheme, and the above shares should vest in the selected employees upon their completion of 24 months of services with the Group or on 30 June 2013, whichever is later.

As at 31 March 2012, 3,008,000 shares of the Company and 928,000 shares of SCC were granted to the Group’s selected employees (without Directors) under the Scheme, and the above shares should vest in the selected employees on 30 June 2014.

As at 31 March 2012, 3,000,000 shares of the Company and 520,000 shares of SCC were granted to the Group’s selected employees (without Directors) under the Scheme, and the above shares should vest in the selected employees on 31 December 2014.

3,712,000 shares of the Company and 1,112,000 shares of SCC awarded under the Scheme lapsed and no awarded Shares vested during the three months ended 31 March 2012. The Company recognised a Share award expense of HK\$180,000 during the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

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

Mr. Ng, the Chairman and controlling 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 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. Paul Ng, an Executive Director of the Company with certain interest in the Company, also has certain interest in SCC. Mr. Peter Ng, an Executive Director of the Company with certain interest in the Company, is also an executive director of SCH and SCC with certain interest in 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 with certain interest in 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.

Save as disclosed above, as at 31 March 2012, none of the Directors or any of their respective associates had any interest in any business which caused or might 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 Committee), Ms. Pong Oi Lan, Scarlett, J.P. and Mr. So, George Siu Ming and a Non-executive Director, namely Dr. Lo Wing Yan, William, J.P.

The Group's unaudited results for the three months ended 31 March 2012 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 purchased, sold or redeemed any of the listed securities of the Company during the three months ended 31 March 2012.

By Order of the Board  
**South China Land Limited**  
**Ng Hung Sang**  
*Chairman*

Hong Kong, 8 May 2012

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