



SOUTH CHINA LAND LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8155)

THIRD QUARTERLY REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30 September 2012, together with the comparative unaudited figures for the corresponding period in 2011, as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)
Revenue	2	1,293	1,758	48,581	4,882
Other operating income		1,828	48	2,071	153
Increase in fair value of investment properties		-	-	42,886	-
Selling and distribution costs		(938)	(2,573)	(2,041)	(7,301)
Administrative and other operating expenses		(11,739)	146	(26,101)	(18,059)
Operating profit/(loss)	4	(9,556)	(621)	65,396	(20,325)
Finance costs	5	(11,254)	(12,008)	(34,636)	(27,162)
Profit/(loss) before income tax		(20,810)	(12,629)	30,760	(47,487)
Income tax expense	6	-	-	(10,721)	-
Profit/(loss) for the period		(20,810)	(12,629)	20,039	(47,487)
Attributable to:					
Equity holders of the Company		(17,520)	(9,779)	13,558	(39,447)
Non-controlling interests		(3,290)	(2,850)	6,481	(8,040)
		(20,810)	(12,629)	20,039	(47,487)
Profit/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period					
Basic	8	HK(0.2) cent	HK(0.1) cent	HK0.1 cent	HK(0.4) cent
Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Restated)
Profit/(loss) for the period	(20,810)	(12,629)	20,039	(47,487)
Other comprehensive income for the period				
Exchange differences on translation of financial statements of overseas subsidiaries	<u>32,178</u>	<u>26,855</u>	<u>5,235</u>	<u>64,352</u>
Total comprehensive income for the period	<u>11,368</u>	<u>14,226</u>	<u>25,274</u>	<u>16,865</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>6,906</u>	13,003	<u>14,939</u>	14,947
Non-controlling interests	<u>4,462</u>	<u>1,223</u>	<u>10,335</u>	<u>1,918</u>
	<u>11,368</u>	<u>14,226</u>	<u>25,274</u>	<u>16,865</u>

Notes:

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2012 has not been audited by the Company's auditor but has been reviewed by the Company's audit committee.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 December 2011.

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting 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 GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards, which are effective for the annual period beginning on 1 January 2012, as disclosed in the annual financial statements for the year ended 31 December 2011. The adoption of these new Hong Kong Financial Reporting Standards does not have significant impact on the Group's results of operations and financial position.

As reported in interim report of the Group for the six months ended 30 June 2012, certain prior years adjustments were made to prior year consolidated financial statements, hence, the comparative figures for the three months and nine months ended 30 September 2011 were restated.

2. REVENUE

Revenue represented entrusted management fee accrued under the agreement of entrusted management (the "Agreement").

On 2 November 2011, Crystal Hub Limited, a subsidiary of the Company, entered into the Agreement as the Grantor with Green Orient Investments Limited, a subsidiary of South China (China) Limited ("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 made on 2 November 2011 for further details. The transaction was approved by the independent shareholders of the Company at the extraordinary general meeting held on 6 January 2012.

The deed to terminate the Agreement by the relevant subsidiary of each of SCC and the Company (the "Termination Deed") and the sale and purchase agreement in respect of the sale and purchase of the entire issued share capital of Splendor Sheen Limited (the "Sale and Purchase Agreement", as detailed in note 9) were signed on 4 July 2012. The completion of the above transactions is conditional upon the fulfillment of certain conditions as specified.

Pursuant to the Termination Deed, the entrusted management fee chargeable to SCC for the period from date of the Termination Deed to the date of completion of the above transactions is irrevocably waived, and therefore, the related fee was accrued up to the date immediately before the date of the Termination Deed for the period ended 30 September 2012.

3. SEGMENT INFORMATION

The Group has identified its operating segment based on the regular internal financial information reported to the Group's directors for their decisions about resources allocation and review of performance. The only component in the internal reporting to the Group's directors is the Group's property investment and development business.

No separate analysis of segment information by geographical segment is presented as the revenue and non-current assets of the Group are principally attributable to a single geographical region, which is the People's Republic of China (the "PRC").

Substantially all of the revenue was derived from a related company of the Group for the nine months ended 30 September 2012. For the nine months ended 30 September 2011, the customers of the Group, based on the location at which the services were provided, were from the PRC and no revenue from transactions with a single customer amounted to 10 percent or more of the Group's revenue. Accordingly, no segment information is disclosed or required to be disclosed.

4. OPERATING PROFIT/(LOSS)

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating profit/(loss) is arrived at after charging/(crediting):				
Exchange (gain)/loss, net	(2,078)	(3,511)	(1,731)	652
Depreciation	840	361	1,157	951
Employee benefit expense (including directors' emoluments)	7,147	6,664	16,346	18,375
Less: Employee benefit expense capitalised in properties under development	(1,839)	(4,705)	(9,482)	(11,547)
	<u>5,308</u>	<u>1,959</u>	<u>6,864</u>	<u>6,828</u>
Operating lease rentals	<u>277</u>	<u>160</u>	<u>582</u>	<u>729</u>

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Interest charged on bank borrowings repayable within five years	11,254	10,868	34,480	24,828
Interest charged on loans from shareholders	5,608	4,313	16,762	12,527
Interest charged on loan from a related company	983	983	2,928	2,137
Total interest	17,845	16,164	54,170	39,492
Less: interest capitalised on properties under development	(6,591)	(4,156)	(19,534)	(12,330)
	<u>11,254</u>	<u>12,008</u>	<u>34,636</u>	<u>27,162</u>

6. INCOME TAX EXPENSE

No provision for 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 2012 (three months and nine months ended 30 September 2011: Nil).

Taxes on income arising from subsidiaries in the PRC have been calculated based on a statutory rate of 25% as determined in accordance with the relevant PRC income tax rules and regulations for the three months and nine months ended 30 September 2012 and 30 September 2011.

	Three months ended 30 September		Six months ended 30 September	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Deferred income tax expense — fair value gain on valuation of investment properties in the PRC	<u>-</u>	<u>-</u>	<u>10,721</u>	<u>-</u>

7. DIVIDEND

The Board resolved not to declare the payment of dividend for the nine months ended 30 September 2012 (nine months ended 30 September 2011: Nil).

8. PROFIT/(LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Restated)
Unaudited profit/(loss) attributable to owners of the Company, used in the basic profit/(loss) per share calculation	<u>(17,520)</u>	<u>(9,779)</u>	<u>13,558</u>	<u>(39,447)</u>
	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares — for the purpose of basic profit/(loss) per share calculation	<u>11,178,498,344</u>	<u>11,178,498,344</u>	<u>11,178,498,344</u>	<u>11,178,498,344</u>

9. DISPOSAL OF THE SUBSIDIARIES (SUBJECT TO INDEPENDENT SHAREHOLDERS' APPROVAL)

Pursuant to the Sales and Purchase Agreement entered into between Crystal Hub Limited, a subsidiary of the Company, and Even Dragon Limited, a subsidiary of SCC, Crystal Hub Limited had agreed to sell and Even Dragon Limited had agreed to purchase the entire equity interests in Splendor Sheen Limited for a consideration of approximately HK\$1,589 million (as adjusted) subject to terms and conditions of the Sale and Purchase Agreement and the relevant supplemental agreement dated 25 September 2012 (the "Transaction"). Please refer to the Company's announcement and circular issued on 12 July 2012 and 19 October 2012 respectively for further details. The completion of the Transaction (the "Completion") is subject to the approval by the independent shareholders of the Company at the extraordinary general meeting to be held on 13 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a profit attributable to the equity holders of the Company for the nine months ended 30 September 2012 amounting to HK\$13.56 million (nine months ended 30 September 2011: loss of HK\$39.45 million), mainly attributable to the commencement of the entrusted management agreement with accrued related management fee being received by the Group, together with the gain on the revaluation for *Fortuna Plaza*.

FINANCIAL REVIEW

The Group's revenue comprised mainly the entrusted management fee accrued for the nine months ended 30 September 2012. In accordance with the Transaction as disclosed in the circular of the Company dated 19 October 2012, the entrusted management fee is waived for the period from the date of the Termination Deed to the date of Completion, hence lesser revenue recorded for the three months ended 30 September 2012.

During the period under review, the administrative and other operating expenses were HK\$26.10 million (nine months ended 30 September 2011: HK\$18.06 million).

Finance costs totaling HK\$34.64 million represented interest expenses in relation to bank borrowings, loans from shareholders and loan from a related company (nine months ended 30 September 2011: HK\$27.16 million). The increase was the result of more interest being charged for bank borrowings to the property in the PRC.

BUSINESS REVIEW

Property Investment and Development

Shenyang property projects

With the coming into effect of the entrusted management agreement for **Fortuna Plaza**, the related income of HK\$48.58 million was accrued for the nine months ended 30 September 2012. Following the completion of the Transaction, which is subject to the approval by the independent shareholders of the Company, **Fortuna Plaza** no longer belongs to the Company, hence the Group will cease to receive the management income in accordance with the Termination Deed.

With regard to the Dadong District (大東區) property development project with a site area of 44,916 square meters, 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 14,466 square meters, consisting of commercial retail podium including entertainment and dining, high end residential towers and office buildings with an estimated gross floor area of 180,000 square meters. The demolition and re-settlement for the project has been completed. Architects have been appointed and the master layout plan has been prepared for submission to the local authorities for approval. We plan to commence the first phase of the above development in late 2012 or the first quarter of 2013 depending on the weather condition in Shenyang.

For the property development project in Huanggu District (皇姑區) with a site area of approximately 67,000 square meters, 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 re-settlement and construction.

LIQUIDITY AND FINANCIAL RESOURCES

During the nine months ended 30 September 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 30 September 2012, the net current assets of the Group were HK\$535 million (31 December 2011: HK\$601 million).

As at 30 September 2012, the gearing ratio of the Group was 48% (31 December 2011: 51%). The gearing ratio is computed on comparing the Group's total bank borrowings and loans from shareholders and a related company of HK\$1,119 million to the Group's equity of HK\$2,313 million.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Pursuant to the Sales and Purchase Agreement entered into between Crystal Hub Limited, a subsidiary of the Company, and Even Dragon Limited, a subsidiary of SCC, Crystal Hub Limited had agreed to sell and Even Dragon Limited had agreed to purchase the entire equity interests in Splendor Sheen Limited for a consideration of approximately HK\$1,589 million (as adjusted) subject to conditions in accordance with the terms of the Sale and Purchase Agreement and the relevant supplemental agreement dated 25 September 2012. The completion of the transaction is subject to the approval by the independent shareholders of the Company at the extraordinary general meeting to be held on 13 November 2012.

Except for abovementioned, the Group did not make any material acquisition or disposal during the nine months ended 30 September 2012.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES OR ANY RELATED HEDGES

During the nine months ended 30 September 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 30 September 2012, the bank borrowings to the property was secured by the pledged bank deposits of approximately HK\$21.83 million and corporate guarantee provided by the Company.

PROSPECTS

The disposal of *Fortuna Plaza* (subject to approval of the independent shareholders) as disclosed in the circular issued on 19 October 2012 enables the Company to allocate more resources, both financial and management, to other property development projects on hand such as Dadong (大東區) in Shenyang and will reduce the related commitments of the Company. This significantly improves the Company's gearing ratio and hence, its ability to raise funds for new projects.

The proceeds from the Transaction will also provide the Company with immediate financial resources to kick-start the Dadong District project currently in the pipeline with a view to building a track record of being a reputable property developer in the region. We are planning to move forward with the build and sell model for the southern lot before embarking on the development of the northern lot.

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

As at 30 September 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 corporation (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

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	363,393,739	7,495,060,667	67.05%
	Interests of spouse	967,923,774		
	Interest of controlled corporations	6,163,743,154 (Note)		
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%

Note:

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 (“SCH”) 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.

Save as disclosed above, as at 30 September 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 corporation (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 the 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 30 September 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

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of shareholding
Earntrade	Beneficial owner and interest of controlled corporations	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>	9.47%
Ng Lai King, Pamela ("Mrs. 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 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 who holds 967,923,774 shares of the Company beneficially, 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 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 30 September 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 as recorded in the register which was required to be kept by the Company under Section 336 of the SFO.

EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted an employees' share award scheme (the "Share Award 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 Share Award Scheme, the Company shall settle a sum up to HK\$20 million until 31 December 2013 for the purchase of shares of the Company and/or SCC (the "Awarded Shares") from market which will 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 Share Award 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 the Awarded Shares have been vested, the Share Award Scheme shall be valid and effective for a term of 15 years commencing on the date of adoption.

As at 30 September 2012, 8,968,000 shares of the Company and 2,328,000 shares of SCC were granted to the employees (without Directors) under the Share Award Scheme, out of which, 3,712,000 shares of the Company and 1,112,000 shares of SCC had lapsed. The outstanding Awarded Shares granted as at 30 September 2012 were 5,256,000 shares of the Company and 1,216,000 shares of SCC with various vesting dates from 30 June 2013 to 31 December 2014.

The share based payment expenses for shares of the Company and shares of SCC recognised in profit or loss according to the vesting periods are approximately HK\$237,000 and HK\$317,000 respectively for the nine months ended 30 September 2012 (For the nine months ended 30 September 2011: HK\$50,000 and HK\$53,000 for shares of the Company and shares of SCC respectively).

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 8 May 2012, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme") and termination of the then existing share option scheme adopted on 24 June 2002 (the "Old Option Scheme"). All the outstanding options granted under the Old Option Scheme had lapsed. No share option has been granted under the New Option Scheme since its adoption.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

Mr. Ng, the Chairman and a controlling shareholder of the Company, is also the 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 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. Paul Ng, 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 30 September 2012, 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.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2012.

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 an Non-executive Director, namely Dr. Lo Wing Yan, William, J.P..

The Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2012 were reviewed by the Audit Committee.

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

Hong Kong, 6 November 2012

As at the date of this report, the Directors of the Company are (1) Mr. Ng Hung Sang, Mr. Ng Yuk Yeung, Paul, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges 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.