



## **SOUTH CHINA LAND LIMITED**

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

**(Stock Code: 8155)**

### **FIRST QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2013**

#### **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 announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2013, together with the comparative unaudited figures for the corresponding period in 2012, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Three months ended 31 March</b>	
	<i>Notes</i>	<b>2013</b>	2012
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	2	-	21,883
Other operating income		<b>115</b>	65
Gain on disposal of subsidiaries	7	<b>399,968</b>	-
Loss on disposal of available-for-sale financial assets		<b>(20,503)</b>	-
Fair value gain on financial assets at fair value through profit or loss		<b>249</b>	-
Fair value loss on redemption option embedded in redeemable convertible preference shares of a related company		<b>(3,185)</b>	-
Selling and distribution costs		<b>(5)</b>	(62)
Administrative and other operating expenses		<b>(10,859)</b>	(6,816)
Operating profit		<b>365,780</b>	15,070
Finance costs		<b>(1,598)</b>	(12,001)
Profit before income tax		<b>364,182</b>	3,069
Income tax expense	4	-	-
<b>Profit for the period</b>		<b><u>364,182</u></b>	<b><u>3,069</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<b>364,519</b>	5,894
Non-controlling interests		<b>(337)</b>	(2,825)
		<b><u>364,182</u></b>	<b><u>3,069</u></b>
<b>Earnings per share attributable to the equity holders of the Company for the period</b>			
Basic and diluted	6	<b><u>HK3.26 cents</u></b>	<b><u>HK0.05 cent</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited and restated)
<b>Profit for the period</b>	<b>364,182</b>	3,069
<b>Other comprehensive income for the period</b>		
Release of exchange reserve upon disposal of subsidiaries	<b>(139,155)</b>	–
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	<b>(4,320)</b>	–
Fair value loss on available-for-sale financial assets	<b>(11,107)</b>	–
Exchange differences on translation of financial statements of overseas subsidiaries	<b>17,182</b>	3,264
	<u><b>226,782</b></u>	<u>6,333</u>
<b>Total comprehensive income for the period</b>		
	<u><b>226,782</b></u>	<u>6,333</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b>227,117</b>	8,221
Non-controlling interests	<b>(335)</b>	(1,888)
	<u><b>226,782</b></u>	<u>6,333</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2013

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Capital reserve	Capital contribution reserve	Available-for-sale financial assets revaluation reserve	Employee compensation reserve	Exchange reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2012 (audited)</b>	111,785	771,842	-	6,044	291,562	-	750	188,105	553,384	1,923,472	363,447	2,286,919
<b>Transactions with owners</b>												
Recognition of equity settled share-based compensation	-	-	-	-	-	-	180	-	-	180	-	180
Transactions with owners	-	-	-	-	-	-	180	-	-	180	-	180
<b>Comprehensive income</b>												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	5,894	5,894	(2,825)	3,069
<b>Other comprehensive income</b>												
Exchange realignment (restated)	-	-	-	-	-	-	-	2,327	-	2,327	937	3,264
Total comprehensive income for the period	-	-	-	-	-	-	-	2,327	5,894	8,221	(1,888)	6,333
<b>At 31 March 2012 (unaudited and restated)</b>	<u>111,785</u>	<u>771,842</u>	<u>-</u>	<u>6,044</u>	<u>291,562</u>	<u>-</u>	<u>930</u>	<u>190,432</u>	<u>559,278</u>	<u>1,931,873</u>	<u>361,559</u>	<u>2,293,432</u>
<b>At 31 December 2012 and 1 January 2013 (audited)</b>	111,785	771,842	(846)	6,044	291,562	-	206	190,775	556,132	1,927,500	367,284	2,294,784
<b>Transactions with owners</b>												
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(366,949)	(366,949)
Purchase of shares for share award scheme	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Recognition of equity settled share-based compensation	-	-	-	-	-	-	132	-	-	132	-	132
Transactions with owners	-	-	(5)	-	-	-	132	-	-	127	(366,949)	(366,822)
<b>Comprehensive income</b>												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	364,519	364,519	(337)	364,182
<b>Other comprehensive income</b>												
Release of exchange reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	(139,155)	-	(139,155)	-	(139,155)
Release of reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	(4,320)	-	-	-	(4,320)	-	(4,320)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(11,107)	-	-	-	(11,107)	-	(11,107)
Exchange realignment	-	-	-	-	-	-	-	17,180	-	17,180	2	17,182
Total comprehensive income for the period	-	-	-	-	-	(15,427)	-	(121,975)	364,519	227,117	(335)	226,782
<b>At 31 March 2013 (unaudited)</b>	<u>111,785</u>	<u>771,842</u>	<u>(851)</u>	<u>6,044</u>	<u>291,562</u>	<u>(15,427)</u>	<u>338</u>	<u>68,800</u>	<u>920,651</u>	<u>2,154,744</u>	<u>-</u>	<u>2,154,744</u>

Notes:

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2013 have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the accounting principles generally accepted in Hong Kong and the relevant Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

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 2012 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 2013, as disclosed in the annual financial statements for the year ended 31 December 2012. The adoption of these new and revised Hong Kong Financial Reporting Standards does not have significant impact on the Group’s results of operations and financial position.

As detailed in the audited financial statements of the Group for the year ended 31 December 2012, prior year adjustments were made to the consolidated financial statements for the years ended 31 December 2011 and 2010 and, hence, certain comparative figures were restated.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 December 2012.

### **Prior year adjustments**

As detailed in the audited consolidated financial statements included in the Annual Report for the year ended 31 December 2012 and the unaudited consolidated financial statements included in the Interim Report for the six months ended 30 June 2012, prior year adjustments for translation and re-translation of fair value gain on investment properties arising in 2010 and 2011, deferred tax charge on such fair value gain and deferred tax liability inclusive of the brought forward balances thereof, and deferred tax charge, deferred tax liability and non-controlling interests previously misstated as certain costs incurred out of the People’s Republic of China (the “PRC”) for the construction of the abovementioned property, which is non-deductible for tax purposes, was treated as onshore deductible expenses in the deferred tax calculation of an 80% owned PRC subsidiary before such prior year adjustments were made. It was also mentioned in the Interim Report for the six months ended 30 June 2012 that the brought forward balance of certain Renminbi (“RMB”) denominated investment property fair value changes had not been re-translated at the exchange rate ruling at 30 June 2011 for the interim period from 1 January 2011 to 30 June 2011. The same practice applied in the reporting periods prior to the second quarter in 2012 before the prior year adjustments were made and reported in the Interim Report for the six months ended 30 June 2012. As such, certain comparative figures in the corresponding period in 2012, i.e. the three months ended 31 March 2012, were restated to reflect the abovementioned prior year adjustments to the extent relevant to such period. The effect of such adjustments to the amounts previously reported or stated in the corresponding period in prior year is summarized below:

**1. BASIS OF PREPARATION (CONTINUED)**

**Prior year adjustments (continued)**

**For the three months ended 31 March 2012:**

**Consolidated statement of comprehensive income for the three months ended 31 March 2012**

	<b>As Restated</b>	<b>As Previously</b>	<b>Increase/</b>
	<b>HK\$'000</b>	<b>Reported</b>	<b>(Decrease)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Exchange differences on translation of financial statements of overseas subsidiaries	3,264	2,235	1,029
Total comprehensive income/(loss) for the period	6,333	5,304	1,029
Total comprehensive income/(loss) attributable to equity holders of the Company	8,221	7,428	793
Total comprehensive income/(loss) attributable to non-controlling interests	(1,888)	(2,124)	236

**Consolidated statement of financial position and consolidated statement of changes in equity as at 31 March 2012**

	<b>As Restated</b>	<b>As Previously</b>	<b>Increase/</b>
	<b>HK\$'000</b>	<b>Stated</b>	<b>(Decrease)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Investment properties	2,978,378	2,976,804	1,574
Deferred tax liabilities	494,024	463,648	30,376
Retained earnings	559,278	616,037	(56,759)
Exchange reserve	190,432	165,579	24,853
Non-controlling interests	361,559	358,455	3,104
Total equity	2,293,432	2,322,234	(28,802)

## **2. REVENUE**

There was no revenue recorded for the three months ended 31 March 2013. The prior year revenue mainly 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 with Green Orient Investments Limited, a subsidiary of South China (China) Limited ("SCC"), as the grantor and the grantee (the "Grantee"), respectively, for the exclusive right to manage the investment property of the Group at the basic fee of RMB80 million per annum (plus performance fee subject to the terms of the Agreement) for a term of one year which is renewable annually at the option of the Grantee until 31 December 2026. Details of the Agreement have been set out in the Company's announcement and circular dated 2 November 2011 and 19 December 2011, respectively. 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 of the entire issued share capital of Splendor Sheen Limited (the "Sale and Purchase Agreement" as detailed in note 7), the then subsidiary, were signed on 4 July 2012. The relevant transaction was completed on 16 January 2013.

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 sale of issued share capital of Splendor Sheen Limited contemplated under the Sale and Purchase Agreement was irrevocably waived. As such, the entrusted management fee income was accrued up to the date immediately before the date of the Termination Deed and the Group ceased to earn such income thereafter.

## **3. SEGMENT INFORMATION**

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

The revenue and core assets of the Group are principally attributable to a single geographical region, which is the PRC, and the principal revenue generating assets of the Group are located in the PRC. Therefore, based on the location at which the services or goods were delivered, substantially all the revenue was derived from the PRC.

As such, no separate analysis of segment information by business or geographical segment was disclosed, or is required to be disclosed.

## **4. 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 ended 31 March 2013 and 2012.

No provision for the PRC enterprise income taxes was provided during the period as the subsidiaries operated in the PRC had no assessable profits for the three months ended 31 March 2013 and 2012.

## **5. DIVIDEND**

The Board did not declare any dividend payment for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

## 6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings</b>		
Unaudited profit attributable to equity holders of the Company used in the basic earnings per share calculation	<u><b>364,519</b></u>	<u>5,894</u>
	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	<b>11,178,498,344</b>	11,178,498,344
Less: Weighted average number of shares held for share award scheme	<u><b>(7,137,778)</b></u>	<u>-</u>
Weighted average number of ordinary shares used in the basic earnings per share calculation	<u><b>11,171,360,566</b></u>	<u>11,178,498,344</u>

There was no outstanding share option as at 31 December 2012 and no share option granted during the three months ended 31 March 2013. As such, the diluted earnings per share for the three months ended 31 March 2013 equals to the basic earnings per share as there was no potential dilutive ordinary share in issue during the three months ended 31 March 2013. The share options outstanding as at 31 March 2012 had no dilution effect for the three months ended 31 March 2012 as the exercise price of the share options was higher than the average market price of the shares in the Company for such period.

## 7. DISPOSAL OF SUBSIDIARIES

Crystal Hub Limited, a subsidiary of the Company, and Even Dragon Limited, a subsidiary of SCC which is controlled by the substantial shareholder of the Company, entered into the Sale and Purchase Agreement in July 2012 whereby Crystal Hub Limited agreed to sell and Even Dragon Limited agreed to purchase the entire equity interests in Splendor Sheen Limited, an indirect wholly owned subsidiary of the Company, for a consideration of approximately HK\$1,589 million (as adjusted) subject to the terms and conditions of the Sale and Purchase Agreement and the supplemental agreement dated 25 September 2012. Details about the transactions contemplated by the abovementioned agreements (the "Transaction") have been set out in the Company's announcement and circular dated 12 July 2012 and 19 October 2012, respectively.

As published in the Company's announcement dated 17 January 2013, the Transaction was completed on 16 January 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a profit attributable to the equity holders of the Company for the three months ended 31 March 2013 of HK\$364.5 million (2012: HK\$5.9 million). The profit reported for the three months ended 31 March 2013 is mainly attributable to the gain on disposal of Splendor Sheen Limited which was completed on 16 January 2013 as published in the announcement of the Company issued on 17 January 2013.



## **FINANCIAL REVIEW**

The revenue recognized in the three months ended 31 March 2012 primarily represented the entrusted management fee income. As detailed in the announcement and circular of the Company dated 12 July 2012 and 19 October 2012, respectively, the Group ceased to earn entrusted management fee income from 4 July 2012 onwards as part of the terms of the sale of the entire interests in Splendor Sheen Limited. As a result, no revenue was reported in the three months ended 31 March 2013.

Administrative and other operating expenses amounted to HK\$10.9 million (2012: HK\$6.8 million) for the period under review. The increase in administrative and other operating expenses was mainly due to the increase in staff costs as a result of the increase in headcount and the increase in exchange loss arising from appreciation of RMB.

The finance costs recognized in the three months ended 31 March 2012 was largely attributable to the bank loans of a subsidiary of Splendor Sheen Limited, which was disposed of in mid January 2013. As such, there was a considerable decrease in finance costs as compared with the corresponding period in prior year.

## **BUSINESS REVIEW**

### *Shenyang property projects*

The Dadong District (大東區) property development projects has a site area of 44,916 square meters. The site will be developed into a shopping complex in two phases to house a diversified range of entertainment and recreational facilities, a wide variety of fine dining restaurants and fashionable retail stores. Up to 31 March 2013, the Group has paid relocation compensation of approximately HK\$345.2 million (RMB276.3 million) to the local government for the first phase development, which comprises the southern lot with site area of 14,466 square meters. The relocation of occupants and site clearance works for the first phase development are now completed. We expected to start the excavation and foundation works in the second quarter of 2013.

For the property development project in Huanggu District (皇姑區) with a site area of approximately 67,000 square meters, the total consideration for land use rights is approximately HK\$1,469.9 million (RMB1,176.8 million) of which HK\$294.0 million (RMB235.4 million) has been paid. We planned to build a comprehensive development with luxurious residential flats, A-grade offices and an upmarket shopping mall. We were in discussions with the local government on the timetable for relocation and construction, and expected that the relocation would start in 2013.

As published in the Company's announcement dated 17 January 2013, the disposal of Splendor Sheen Limited, which represented the Group's 80% interests in the Avenue of Stars and its shopping mall business, was completed on 16 January 2013. The Group ceased to own any interest in the Avenue of Stars or generate any income from it since then. The disposal did not only release the Group from the debts owed to the bank, but also provided new funding for the Group to embark on the development projects in the pipeline. The disposal, therefore, has strengthened the Group's financial position and, hence, enhanced its future fund raising ability.

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

As published in the joint announcement of the Company and SCC dated 17 January 2013, the disposal of the entire issued share capital of Splendor Sheen Limited, a subsidiary of the Company, was completed on 16 January 2013.

## PROSPECTS

The disposal of the Avenue of Stars was completed in January 2013. It enabled the Company to allocate more resources, both financial and management, to other property development projects on hand, such as the Dadong District (大東區) project in Shenyang, as the Group ceased to have any commitment in the Avenue of Stars on both the financial and management resources sides. The Transaction significantly improved the Company's gearing ratio and, hence, its ability to raise funds for new projects in the future.

The proceeds from the Transaction provides 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 to position the Group as a reputable property developer in the PRC. We are planning to move forward with the build and sell model for the southern lot before proceeding to the development of the northern lot.

Relocation of existing residents in the southern Dadong District, Shenyang, was completed in 2012. The excavation and foundation works were scheduled to commence in the second quarter of 2013. The first phase development in the southern lot will consist of a shopping mall with retail, entertainment and dining places, residential towers and service apartments, with total gross floor area of approximately 182,000 square meters (including an area of 4,391 square meters of underground shopping link currently in negotiation with the local government). The relocation for the second phase development of northern Dadong District will start in the second half of 2013 based on our project plan. The planned second phase development, the northern lot with site area of 30,450 square meters, comprises a shopping mall and residential and apartment towers with total gross floor area of 399,000 square meters.

For the property development project in the Huanggu District of Shenyang, we planned to develop a complex comprising a mega shopping mall, an A-grade offices, serviced apartments and residential towers with total gross floor area of approximately 1,000,000 square meters. The Shenyang Government will be responsible for the relocation of the existing residents on the site. The Group intended to create a landmark in Shenyang's third commercial center, the Chang Jiang pedestrian shopping street (長江步行購物街). The new development will enhance the pedestrian shopping street, one of the key lifestyle shopping districts in Shenyang, by providing connections by way of roads, streets, footpaths to the existing developments. The brisk development in tourism, entertainment and financial services in Shenyang sees the need for creating a new center point in the region and providing additional recreational facilities to its neighborhood. The project consists of two phases. Relocation of existing residents in the southern lot was planned to commence in 2013. We are in the process of negotiation with the local government for the timeframe of the relevant execution plan.

As published in the announcement of the Company dated 22 January 2013, the Group has won a bid at the tender for the sale of the land located at No. B-2012-29, Bohai District, Huanghua New City, Cangzhou (滄州渤海新區黃驊新城B-2012-29號) with an area of approximately 32,336 square meters. The Company planned to develop a shopping mall and service apartments at this newly acquired land. The consideration for the land acquisition amounted to RMB15,250,000, and has been paid in full.

The Group has paid deposits for lands located in Cangzhou, Hebei Province and Shenyang, Liaoning Province with site areas of 153,684 square meters in aggregate for its property development operations.

The Group will continue to focus on its core property development projects, such as the Dadong District project, in foreseeable future. Meanwhile, it will also take some small to medium size projects should desirable opportunities arise.

**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 2013, 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**

*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	67.049%
	Interest of spouse	967,923,774		
	Interest of controlled corporations	6,163,743,154 <i>(Note (a))</i>		
Ng Yuk Yeung Paul	Beneficial owner		2,602,667	0.023%
Ng Yuk Fung Peter	Beneficial owner		481,666,667	4.309%
Law Albert Yu Kwan (“Mr. Law”) <i>(Note (b))</i>	Beneficial owner		736,000	0.007%

*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 (“SCH”) and 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) Under the employees’ share award scheme of SCC, Mr. Law was awarded 736,000 shares of the Company on 13 April 2011. Such award shares were vested on 31 December 2012. Mr. Law was also awarded 736,000 shares, 3,000,000 shares and 8,632,000 shares of the Company on 19 July 2011, 30 March 2012 and 28 March 2013, respectively, with vesting dates during the period from 30 June 2013 to 31 December 2015. Including the 736,000 shares which were vested in 2012, the total number of shares of the Company awarded to Mr. Law amounted to 13,104,000, representing 0.117% of the total number of issued shares of the Company.

Save as disclosed above, as at 31 March 2013, 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 2013, 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 SFO:

### **Long position in shares**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares</b>	<b>Approximate percentage of shareholding</b>
Earntrade	Beneficial owner and interest of controlled corporation	2,238,789,644 <i>(Note (a))</i>	20.028%
Fung Shing	Beneficial owner	1,817,140,364	16.256%
Parkfield	Beneficial owner	1,728,362,917	15.461%
Bannock	Beneficial owner	1,088,784,847 <i>(Note (a))</i>	9.740%
Ng Lai King Pamela ("Ms. Ng")	Beneficial owner and interest of spouse	7,495,060,667 <i>(Note (b))</i>	67.049%

#### *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) Ms. 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, 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 2013, 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 "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 Awarded Shares shall be determined by the Board from time to time at its absolute discretion.

As at 31 March 2013, 19,440,000 shares of the Company and 2,968,000 shares of SCC were granted to the Group's selected employees 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 31 March 2013 were 15,728,000 shares of the Company and 1,856,000 shares of SCC with vesting dates during the period from 30 June 2013 to 31 December 2015.

The Company recognized a share award expense of HK\$224,000 during the three months ended 31 March 2013 (For the three months ended 2012: HK\$180,000).

## **SHARE OPTION SCHEMES**

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 "2012 Option Scheme") and termination of the then existing share option scheme adopted on 24 June 2002 (the "2002 Option Scheme"). All the outstanding options granted under the 2002 Option Scheme had lapsed. No share option has been granted under the 2012 Option Scheme since its adoption.

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

Mr. Ng is an Executive Director and the controlling shareholder and the Company, SCH and SCC.

Both of Ms. Cheung and Mr. Gorges are Executive Directors of the Company, SCC and SCH. They also hold certain corporate interests in SCH and SCL jointly with Mr. Ng.

Mr. Ng Yuk Yeung Paul ("Mr. Paul Ng") is an Executive Director and the Chief Executive Officer of the Company and holds certain interests in the Company and SCC. He is not a substantial shareholder of the Company and SCC.

Mr. Ng Yuk Fung Peter ("Mr. Peter Ng") is an Executive Director of the Company, SCH and SCC and holds certain interests in the Company and SCC. He is not a substantial shareholder of the Company and SCC.

Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng") is a Non-executive Director of the Company, SCH and SCC and holds certain interests in SCC. She is not a substantial shareholder of 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 businesses which may compete with the business of the Group.

The Directors are of the view that the Company can carry on its business independent of and at arm's length with 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 2013, 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 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 2013 except that the trustee of the Company's Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased a total of 32,000 shares of the Company at the consideration of HK\$4,607 in aggregate.

#### **CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

In accordance with GEM Rule 17.50A(1), the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of GEM Rule 17.50(2) since publication of the Company's Annual Report 2012 up to the date of this Report are set out below:

Mr. Ng Yuk Yeung Paul is a member of the Liaoning Province Committee of the Chinese People's Political Consultative Conference.

#### **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Group's quarterly report for the three months ended 31 March 2013 was reviewed by the Audit Committee.

Mr. Cheng Yuk Wo ("Mr. Cheng"), the committee chairman, did not seek re-election at the Annual General Meeting held on 7 May 2013 (the "AGM"), and retired upon the conclusion of the AGM. Prior to Mr. Cheng's retirement, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Cheng, Ms. Pong Scarlett Oi Lan, J.P. and Mr. So George Siu Ming, and a Non-executive Director, namely Dr. Lo Wing Yan William, J.P.

The Board is in the process of identifying a suitably qualified candidate to fill the vacancy caused by the retirement of Mr. Cheng.

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

Hong Kong, 7 May 2013

*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, Mr. Ng Yuk Fung Peter, Mr. Yeung Kwong Sunny and Mr. Law Albert Yu Kwan as executive directors; (2) Ms. Ng Yuk Mui Jessica and Dr. Lo Wing Yan William, J.P. as non-executive directors; and (3) Ms. Pong Scarlett Oi Lan, J.P., Mr. So George Siu Ming, Dr. Leung Tony Ka Tung and Mr. Lau Lai Chiu Patrick as independent non-executive directors.*