



SOUTH CHINA LAND LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8155)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“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.

INTERIM 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 and six months ended 30 June 2013, together with the comparative unaudited figures for the corresponding periods in 2012, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	2	–	25,405	–	47,288
Other operating income		65	178	180	243
Gain on disposal of subsidiaries	11	–	–	399,968	–
Loss on disposal of available-for-sale financial assets		(8,125)	–	(28,628)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss		(124)	–	125	–
Increase in fair value of investment properties		–	42,886	–	42,886
Fair value gain/(loss) on redemption option embedded in redeemable convertible preference shares of a related company		314	–	(2,871)	–
Selling and distribution costs		–	(1,041)	(5)	(1,103)
Administrative and other operating expenses		(10,279)	(7,546)	(21,138)	(14,362)
Operating (loss)/profit	4	(18,149)	59,882	347,631	74,952
Finance costs	5	(83)	(11,381)	(1,681)	(23,382)
(Loss)/profit before income tax		(18,232)	48,501	345,950	51,570
Income tax expense	6	–	(10,721)	–	(10,721)
(Loss)/profit for the period		(18,232)	37,780	345,950	40,849
Attributable to:					
Equity holders of the Company		(18,232)	25,184	346,287	31,078
Non-controlling interests		–	12,596	(337)	9,771
		(18,232)	37,780	345,950	40,849
(Loss)/earnings per share attributable to the equity holders of the Company for the period	8				
Basic and diluted		HK(0.2) cent	HK0.2 cent	HK3.1 cents	HK0.3 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
(Loss)/profit for the period	(18,232)	37,780	345,950	40,849
Other comprehensive (loss)/income for the period				
Release of exchange reserve upon disposal of subsidiaries	–	–	(139,155)	–
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	(3,612)	–	(7,932)	–
Fair value loss on available-for-sale financial assets	(41,868)	–	(52,975)	–
Exchange differences on translation of financial statements of overseas subsidiaries	14,801	(29,178)	31,983	(26,944)
Total comprehensive (loss)/income for the period	<u>(48,911)</u>	<u>8,602</u>	<u>177,871</u>	<u>13,905</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(48,911)	606	178,206	8,034
Non-controlling interests	–	7,996	(335)	5,871
	<u>(48,911)</u>	<u>8,602</u>	<u>177,871</u>	<u>13,905</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,047	1,746
Goodwill		355,326	355,326
Available-for-sale financial assets		1,108,982	–
		<u>1,466,355</u>	<u>357,072</u>
Current assets			
Properties under development		228,641	146,931
Financial assets at fair value through profit or loss		2,948	1,405
Deposits paid, prepayments and other receivables		694,595	658,362
Tax recoverable		357	348
Amount due from a non-controlling shareholder of a subsidiary		–	17,747
Pledged bank deposits		–	10,853
Cash and bank balances		434,893	377,419
		<u>1,361,434</u>	<u>1,213,065</u>
Assets classified as held for sale		–	3,070,252
		<u>1,361,434</u>	<u>4,283,317</u>
Current liabilities			
Trade payables	9	3,775	2,076
Other payables, accrued expenses and receipts in advance	10	94,973	525,767
Financial liabilities in respect of redemption option embedded in redeemable convertible preference shares of a related company		93,024	–
Loan from a related company		78,000	78,000
Loans from shareholders		–	150,000
		<u>269,772</u>	<u>755,843</u>
Liabilities classified as held for sale		–	1,137,752
		<u>269,772</u>	<u>1,893,595</u>
Net current assets		<u>1,091,662</u>	<u>2,389,722</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Total assets less current liabilities	<u>2,558,017</u>	<u>2,746,794</u>
Non-current liabilities		
Loans from shareholders	<u>452,010</u>	<u>452,010</u>
Net assets	<u>2,106,007</u>	<u>2,294,784</u>
EQUITY		
Equity attributable to the equity holders of the Company		
Share capital	111,785	111,785
Reserves	<u>1,994,222</u>	<u>1,815,715</u>
	2,106,007	1,927,500
Non-controlling interests	<u>–</u>	<u>367,284</u>
Total equity	<u>2,106,007</u>	<u>2,294,784</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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
At 1 January 2012 (audited)	111,785	771,842	-	6,044	291,562	-	750	188,105	553,384	1,923,472	363,447	2,286,919
Transactions with owners												
Recognition of equity settled share-based compensation	-	-	-	-	-	-	285	-	-	285	-	285
Transactions with owners	-	-	-	-	-	-	285	-	-	285	-	285
Comprehensive (loss)/income												
Profit for the period	-	-	-	-	-	-	-	-	31,078	31,078	9,771	40,849
Other comprehensive loss												
Exchange realignment	-	-	-	-	-	-	-	(23,044)	-	(23,044)	(3,900)	(26,944)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(23,044)	31,078	8,034	5,871	13,905
At 30 June 2012 (unaudited)	<u>111,785</u>	<u>771,842</u>	<u>-</u>	<u>6,044</u>	<u>291,562</u>	<u>-</u>	<u>1,035</u>	<u>165,061</u>	<u>584,462</u>	<u>1,931,791</u>	<u>369,318</u>	<u>2,301,109</u>
At 31 December 2012 and 1 January 2013 (audited)	111,785	771,842	(846)	6,044	291,562	-	206	190,775	556,132	1,927,500	367,284	2,294,784
Transactions with owners												
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(366,949)	(366,949)
Purchase of shares for share award scheme	-	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Vesting of share award under share award scheme	-	-	90	-	-	-	(97)	-	7	-	-	-
Recognition of equity settled share-based compensation	-	-	-	-	-	-	308	-	-	308	-	308
Transactions with owners	-	-	83	-	-	-	211	-	7	301	(366,949)	(366,648)
Comprehensive (loss)/income												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	346,287	346,287	(337)	345,950
Other comprehensive (loss)/income												
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	-	-	-	-	-	(7,932)	-	-	-	(7,932)	-	(7,932)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(52,975)	-	-	-	(52,975)	-	(52,975)
Exchange realignment	-	-	-	-	-	-	-	31,981	-	31,981	2	31,983
Total comprehensive (loss)/income for the period	-	-	-	-	-	(60,907)	-	(107,174)	346,287	178,206	(335)	177,871
At 30 June 2013 (unaudited)	<u>111,785</u>	<u>771,842</u>	<u>(763)</u>	<u>6,044</u>	<u>291,562</u>	<u>(60,907)</u>	<u>417</u>	<u>83,601</u>	<u>902,426</u>	<u>2,106,007</u>	<u>-</u>	<u>2,106,007</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(133,496)	48,376
Net cash generated from/(used in) investing activities	331,078	(1,313)
Net cash used in financing activities	(151,524)	(88,698)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	46,058	(41,635)
Cash and cash equivalents, beginning of the period	379,382	59,062
Effect of foreign exchange rate changes	9,453	(411)
	<hr/>	<hr/>
Cash and cash equivalents, end of the period	434,893	17,016
	<hr/>	<hr/>
Analysis of the cash and cash equivalents		
Cash and bank balances	434,893	17,016
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Note:

Cash and cash equivalents, beginning of the period comprise:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash and bank balances as stated in the condensed consolidated statement of financial position	377,419	59,062
Cash and bank balances included in assets classified as held for sale	1,963	–
	<hr/>	<hr/>
	379,382	59,062
	<hr/>	<hr/>

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements have been reviewed by the Audit Committee of the Company.

The unaudited interim 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 interim 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.

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

2. REVENUE

There was no revenue recorded for the three months and six months ended 30 June 2013. The revenue for the three months and six months ended 30 June 2012 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 was 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 (the “Sale and Purchase Agreement”, as detailed in note 11) in respect of the sale of the entire issued share capital of Splendor Sheen Limited, an indirectly wholly-owned subsidiary of the Company, and its subsidiaries (collectively referred to as the “Splendor Group”) 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 the 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 management for their decisions about allocation of resources and review of performance. The only business segment in the internal reporting to the Group’s management 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 People’s Republic of China (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, 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. OPERATING (LOSS)/PROFIT

	Three months ended 30 June		Six months ended 30 June	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Operating (loss)/profit is arrived at after charging/(crediting):				
Depreciation	247	169	458	317
Less: Depreciation capitalised in properties under development	(95)	–	(160)	–
	<u>152</u>	<u>169</u>	<u>298</u>	<u>317</u>
Employee benefit expense (including directors' emoluments)	12,961	5,351	24,419	9,199
Less: Employee benefit expense capitalised in properties under development	(12,697)	(4,348)	(21,297)	(7,643)
	<u>264</u>	<u>1,003</u>	<u>3,122</u>	<u>1,556</u>
Exchange loss/(gain), net	<u>6,971</u>	<u>(2,303)</u>	<u>11,220</u>	<u>347</u>

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Interest charged on bank borrowings wholly repayable within five years	–	11,381	1,517	23,226
Interest charged on loan from a related company	973	973	1,934	1,945
Interest charged on loans from shareholders	5,547	7,927	12,512	11,154
Total interest expenses	6,520	20,281	15,963	36,325
Less: Interest capitalised in properties under development	(6,437)	(8,900)	(14,282)	(12,943)
	<u>83</u>	<u>11,381</u>	<u>1,681</u>	<u>23,382</u>

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 and six months ended 30 June 2013 and 30 June 2012.

Taxes on income arising from subsidiaries in the PRC were 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 six months ended 30 June 2013 and 30 June 2012.

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Deferred income tax expense - fair value gain on investment properties in the PRC	-	10,721	-	10,721

7. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
(Loss)/profit				
Unaudited (loss)/profit attributable to the equity holders of the Company used in the basic (loss)/earnings per share calculation	<u>(18,232)</u>	<u>25,184</u>	<u>346,287</u>	<u>31,078</u>
Number of shares				
Weighted average number of ordinary share in issue during the period	11,178,498,344	11,178,498,344	11,178,498,344	11,178,498,344
Less: Weighted average number of shares held for share award scheme	<u>(7,191,736)</u>	<u>-</u>	<u>(7,165,260)</u>	<u>-</u>
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	<u>11,171,306,608</u>	<u>11,178,498,344</u>	<u>11,171,333,084</u>	<u>11,178,498,344</u>

There was no outstanding share option as at 30 June 2013 and 30 June 2012 and no share option granted during the three months ended and six months ended 30 June 2013 and 30 June 2012. All of the share options granted in previous years were lapsed during the six months ended 30 June 2012. As such, the diluted earnings per share for the three months and six months ended 30 June 2013 equal the basic earnings per share as there was no potential dilutive ordinary share in issue during the three months and six months ended 30 June 2013. The Company's share options have no dilution effect for the three months and six months ended 30 June 2012 because the exercise prices of the Company's share options were higher than the average market prices of the shares for both periods.

9. TRADE PAYABLES

The following is an ageing analysis of trade payables:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within 30 days	–	205
31 - 60 days	227	–
61 - 90 days	1,630	–
91 - 180 days	–	–
Over 180 days	1,918	1,871
	<u>3,775</u>	<u>2,076</u>

10. OTHER PAYABLES, ACCRUED EXPENSES AND RECEIPTS IN ADVANCE

As at 30 June 2013, other payables, accrued expenses and receipts in advance included accrued interest expenses on the loans from shareholders and the loan from a related company of HK\$62,683,000 (As at 31 December 2012: HK\$51,798,000) and HK\$8,933,000 (As at 31 December 2012: HK\$6,999,000), respectively, in respect of the loans made available to the Group in prior years.

The loans from shareholders are unsecured. Except for the loans from shareholders amounting to HK\$7,000,000 in aggregate, which is interest free, the loans from shareholders carried interest at the prime lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. The loan from a related company is unsecured, interest-bearing at the prime lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. Details about the terms of the loans from shareholders and the loan from a related company have been set out in the audited consolidated financial statements of the Company for the year ended 31 December 2012.

11. 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 the Splendor Sheen Limited 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.

11. DISPOSAL OF SUBSIDIARIES (Continued)

The net assets of the Splendor Group at the disposal date were as follows:

	As at 16 January 2013 HK\$'000 (Unaudited)
Property, plant and equipment	2,399
Investment properties	3,019,473
Prepayments and other receivables	11,705
Amount due from a non-controlling shareholder of a subsidiary	34,819
Cash and bank balances	1,873
Trade payables	(44,384)
Other payables, accrued expenses and receipts in advance	(5,702)
Bank borrowings	(580,885)
Deferred tax liabilities	(504,471)
	<u>1,934,827</u>
Non-controlling interests	(366,949)
Release of exchange reserve of the Splendor Group upon the disposal	(139,155)
	<u>1,428,723</u>
Gain on disposal of subsidiaries	399,968
	<u>1,828,691</u>
Total consideration	<u>1,828,691</u>
Satisfied by:	
Cash	585,027
Convertible Preference Shares	1,243,664
	<u>1,828,691</u>
	<i>Note</i>
	<u>1,828,691</u>
Net cash inflow arising on disposal:	
Cash consideration	585,027
Cash and bank balances disposed of	(1,873)
	<u>583,154</u>

Note:

The consideration was satisfied by:

- (i) a cash consideration of HK\$585,027,000; and
- (ii) the 1,770,710,526 new redeemable convertible preference shares (the "Convertible Preference Shares") created and issued at the disposal date to the Company by SCC at an issue price of HK\$0.57 per redeemable convertible preference share. The value of the Convertible Preference Shares of HK\$1,243,664,000 is determined based on the valuation conducted by BMI Appraisals Limited, an independent professional qualified valuer, and the valuation date is on the disposal date.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a profit attributable to the equity holders of the Company for the six months ended 30 June 2013 of HK\$346.3 million (six months ended 30 June 2012: HK\$31.1 million), which is mainly attributable to the gain on disposal of Splendor Group which was completed on 16 January 2013 as published in the announcement of the Company issued on 17 January 2013.

FINANCIAL REVIEW

The revenue recognised in the six months ended 30 June 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 entrusted management fee chargeable to SCC for the period from the 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 a result, no revenue was reported for the six months ended 30 June 2013.

Administrative and other operating expenses amounted to HK\$21.1 million (six months ended 30 June 2012: HK\$14.4 million) for the period under review. The increase in administrative and other operating expenses was mainly attributable to the exchange loss arising from the retranslation of the United States dollar denominated bank deposits of a PRC subsidiary.

The finance costs recognised for the six months ended 30 June 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, Liaoning Province

The Dadong District (大東區) property development project, with an aggregate site area of 44,916 square metres, is subdivided into two sites, respectively Northern lot with 30,450 square metres and Southern lot with 14,466 square metres by a pedestrian road. The project comprises three phases of development, the first phase development is located in the Southern lot and the second and third phase developments are located in the Northern lot. The project is a mixed development which comprises commercial/retail, service apartments, residential, office/hotel and car park. The total gross floor area ("GFA") of the project is approximately 584,000 square metres, represented by aboveground GFA of approximately 449,000 square metres and underground GFA of approximately 135,000 square metres, or in terms of subdivided site area by the Northern lot GFA of approximately 401,000 square metres and the Southern lot GFA of approximately 183,000 square metres. The total GFA of approximately 584,000 square metres comprises 187,000 square metres for commercial/retail, 136,000 square metres for service apartments, 74,000 square metres for residential, 129,000 square metres for office/hotel and 58,000 square metres for car park. Up to 30 June 2013, the Group has paid relocation compensation of RMB276.3 million to the local government for the first phase development. The relocation of occupants and site clearance works for the first phase development are now completed and the master layout plan has been submitted to the local authorities for approval in July 2013. The Southern lot is expected to be handed over and the State-owned Land Use Right Certificate is expected to be obtained in the third quarter of 2013. The excavation and foundation works are expected to start in the second half of 2013.

For the property development project in Huanggu District (皇姑區) with a site area of approximately 67,000 square metres, it is a mixed development which comprises commercial/retail, residential and office/hotel. The relocation of occupants and site clearance works are responsible by the local government. The total consideration for the land use rights is RMB1,176.8 million, of which RMB235.4 million has been paid up to 30 June 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. It enables the Group to allocate more resources, both financial and management, to other property projects on hand. The proceeds from the Transaction provide the Group 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. The Transaction significantly improved the Group's gearing ratio and, hence, its ability to raise funds for new projects in the future. As at 30 June 2013, the Group has no bank borrowings.

Cangzhou, Hebei Province

For the property development project of Huanghua New City with a site area of 32,336 square metres, the Group plans to build a shopping mall with retail, entertainment, dining and recreational facilities with the total GFA of approximately 90,000 square metres. Excavation and foundation works are expected to commence in the second half of 2013 and pre-sale is expected in the first half of 2014. The consideration for the land use rights amounting to RMB15.3 million was fully paid and the State-owned Land Use Right Certificate has been obtained in April 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had a current ratio of 5.0 and had no bank borrowings. As at 31 December 2012, the Group had a current ratio of 2.3 and a gearing ratio of 8.1%. The gearing ratio was computed by the Group's net debt divided by total equity plus net debt. As at 31 December 2012, the net debt included cash and bank balances of HK\$1,963,000 and bank borrowings of HK\$581,070,000 of Splendor Group. The Group's operations and investments continue to be financed by internal resources and will be financed by bank borrowings.

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 former subsidiary of the Company, was completed on 16 January 2013.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES OR ANY RELATED HEDGES

During the six months ended 30 June 2013, 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 June 2013, the Group had no pledge of assets and contingent liabilities.

PROSPECTS

The Group's core property development projects are located in the prime location of Shenyang, Liaoning Province. Liaoning Province is the heart of the three Northeast China provinces (namely, Liaoning Province, Jilin Province and Heilongjiang Province). Shenyang is the capital of Liaoning Province, and is a famous historic cultural city and the perfect gateway to China's Northeastern region. It has a city population of over 8 million. In view of the strong encouragement from the Central People's Government of the PRC to develop Northeast China, Shenyang having the geographical advantage of being located in the heart of Liaoning Province, has been experiencing rapid growth in the domestic economy and brisk development in the infrastructure facilities.

The Group's property development projects in Dadong District and Huanggu District are situated right at the heart of the capital city of Liaoning Province. The Dadong District property development project is in the Zhongjie pedestrian commercial zone. The Zhongjie pedestrian commercial zone is the busiest shopping district of Shenyang. It is the longest standing and most traditional shopping centre of the city with long history. The Huanggu property development project is a prime commercial plot of land right in the centre of the Huanggu area's commercial street. The Group intends to create a landmark in Shenyang's third commercial centre, the Changjiang 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 and footpaths to the existing developments. The brisk development in tourism, entertainment and financial services in Shenyang sees the need for creating a new centre point in the region and providing additional recreational facilities to its neighborhood.

The Group will continue to focus on its core property development projects, such as Dadong District project, in the foreseeable future. Meanwhile, it will also take some small to medium sized projects should desirable opportunities arise. The Group has paid deposits and premiums for lands located in Cangzhou, Hebei Province and Shenyang, Liaoning Province with site areas of approximately 154,000 square metres in aggregate for its property development operations. The Group is continuously looking for prime locations in the PRC for development potential.

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

As at 30 June 2013, the interests and short positions of the Directors and the 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, Chapter 571 of the laws of Hong Kong ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO ("Register of Directors' and Chief Executives' Interests), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("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

(i) Long positions in shares

Name of Directors	Capacity	Number of ordinary shares	Total number of ordinary shares	Approximate percentage of shareholding
Ng Hung Sang ("Mr. Ng")	Beneficial owner Interest of spouse Interest of controlled corporations	363,393,739 967,923,774 6,163,743,154 (Note (a))	7,495,060,667	67.05%
Ng Yuk Yeung Paul ("Mr. Paul Ng")	Beneficial owner		2,602,667	0.02%
Ng Yuk Fung Peter ("Mr. Peter Ng")	Beneficial owner		481,666,667	4.31%
Law Albert Yu Kwan ("Mr. Law") (Note (b))	Beneficial owner		1,472,000	0.01%

(ii) Long positions in underlying shares

Name of Director	Capacity	Number of underlying ordinary shares	Approximate percentage of shareholding
Mr. Law (Note (c))	Beneficial owner	11,632,000	0.10%

Notes:

- (a) The 6,163,743,154 shares of the Company held by Mr. Ng through controlled corporations included 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 were all wholly-owned by Mr. Ng. Mr. Ng held Worldunity and SC Strategic indirectly via South China Holdings Limited ("SCH") and SCC respectively. SCH and SCC were owned as to approximately 73.72% and 63.01% respectively by Mr. Ng while Bannock was a wholly-owned subsidiary of Eartrade which was 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 aggregate 2,238,789,644 shares held by Bannock and Eartrade.
- (b) The 1,472,000 shares of the Company held by Mr. Law were the shares awarded to him under the Employees' Share Award Scheme of SCC ("SCC Share Award Scheme"). Mr. Law was awarded 736,000 shares and 736,000 shares of the Company on 13 April 2011 and 19 July 2011, respectively, and such award shares were vested on 31 December 2012 and 30 June 2013, respectively.
- (c) The 11,632,000 underlying shares of the Company held by Mr. Law were the shares awarded to him under the SCC Share Award Scheme. Mr. Law was awarded 3,000,000 shares and 8,632,000 shares of the Company on 30 March 2012 and 28 March 2013, respectively, with vesting dates ranging from 31 December 2014 to 31 December 2015.

Save as disclosed above, as at 30 June 2013, none of the Directors or the chief executive of the Company had 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 of the Directors' and Chief Executives' Interests, 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 30 June 2013, the following person/corporations, other than the Directors or the chief executive 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 the SFO ("Register of Substantial Shareholders' Interests"):

Long position in shares

Name of shareholders	Capacity	Number of ordinary shares	Approximate percentage of shareholding
Earntrade	Beneficial owner and interest of a 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 was a wholly-owned subsidiary of Earntrade. The 2,238,789,644 shares in the Company held by Earntrade included 1,088,784,847 shares held by Bannock directly.
- (b) Ms. Ng, who held 967,923,774 shares in the Company beneficially, was the spouse of Mr. Ng, the Chairman and an Executive Director of the Company. By virtue of the SFO, Ms. Ng was 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 June 2013, no person, other than the Directors or the chief executive 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 any interests or short positions in the shares or underlying shares of the Company as recorded in the Register of Substantial Shareholders' Interests.

EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted an employees' share award scheme (the "Share Award Scheme") for recognising 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, a sum up to HK\$20 million will be used until 31 December 2013 for the purchase of shares of the Company and/or SCC from the 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 shares to be awarded will be determined by the Board from time to time at its absolute discretion.

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 the 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 in 2012. No share option has been granted under the 2012 Option Scheme since its adoption.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

Mr. Ng, the Chairman, an Executive Director and the controlling shareholder of the Company, is also the chairman and an executive director of SCH and SCC. Mr. Ng, personally and through controlled corporations, has a controlling shareholding interest in each of the Company, SCH and SCC, of which certain corporate interests 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 shareholding interest in the Company, also has certain shareholding interest in SCC. Mr. Peter Ng, an Executive Director of the Company with certain shareholding interest in the Company, is also an executive director of SCH and SCC with certain shareholding 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 shareholding interest in SCC. Since certain subsidiaries of SCH and SCC are principally engaged in property development or 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 independent of and at arm's length from the business of SCH and SCC and there is no direct competition amongst the said three listed groups during the period.

Save as disclosed above, as at 30 June 2013, none of the Directors or any of their respective associates had any interest in any business which had caused or would 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

During the six months ended 30 June 2013, the trustee of Share Award Scheme purchased a total of 56,000 shares of the Company at an aggregate consideration of approximately HK\$7,000 pursuant to the terms of the rules and trust deed of the Share Award Scheme. Other than that, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares during the period.

CORPORATE GOVERNANCE

The Company had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2013 except that Mr. Ng, the Chairman and an Executive Director of the Company, Ms. Jessica Ng, Dr. Lo Wing Yan William, J.P. ("Dr. Lo") and Ms. Pong Scarlett Oi Lan, J.P. ("Ms. Pong") were unable to attend the annual general meeting of the Company held on 7 May 2013 ("AGM"), which deviated from code provisions A.6.7 and E.1.2 since they had other business engagements. Ms. Jessica Ng and Dr. Lo, being Non-executive Directors of the Company and Ms. Pong, being an Independent Non-executive Director of the Company ("INED") were not chairmen of the Audit Committee and the Remuneration and Nomination Committee of the Company.

Reference is made to the announcement of the Company dated 7 May 2013 in relation to the retirement of Mr. Cheng Yuk Wo ("Mr. Cheng") as an INED and his cessation as the chairman of the Audit Committee of the Company ("Audit Committee") and a member of the Remuneration and Nomination Committee of the Company immediately after the conclusion of the AGM. Following Mr. Cheng's retirement, the number of INEDs fell below one-third of the Board members as required under Rule 5.05A of the GEM Listing Rules and hence, the Audit Committee did not meet the requirement of the chairing of the Audit Committee by an INED as set out in Rule 5.28 of the GEM Listing Rules. On 21 May 2013, Ms. Chan Mei Bo Mabel ("Ms. Chan") was appointed as an INED, the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company to fill the vacancies arising from Mr. Cheng's retirement. Upon Ms. Chan's appointment, the Company has duly complied with Rules 5.05A and 5.28 of the GEM Listing Rules.

Reference is also made to the announcement of the Company dated 15 April 2013 in relation to the resignation of Mr. Fung Nam Shan ("Mr. Fung") as the Company Secretary. Following Mr. Fung's resignation, the Company did not meet the requirement of Rule 5.14 of the GEM Listing Rules of having a company secretary. The Company is in the process of identifying a suitable candidate to fill the vacancy for company secretary caused by Mr. Fung's resignation, and will publish further announcement once such appointment is confirmed.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for Directors.

All Directors have confirmed in writing, following a specific enquiry by the Company, their compliance with the required standards of dealings and the Company's code of conduct regarding directors' securities transactions throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee presently comprises two INEDs, namely Ms. Chan (Chairman of the Committee) and Ms. Pong and a Non-executive Director, namely Dr. Lo.

The Group's unaudited consolidated results for the six months ended 30 June 2013 have been reviewed by the Audit Committee.

By Order of the Board
South China Land Limited
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 6 August 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., Dr. Leung Tony Ka Tung, Mr. Lau Lai Chiu Patrick and Ms. Chan Mei Bo Mabel as independent non-executive directors.