



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 2014

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

QUARTERLY RESULTS

The board of directors (the “Board”) of South China Land Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2014 together with the relevant comparative figures are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	2	–	–	–	–
Other operating income		6	94	284	274
Gain on disposal of subsidiaries		–	–	–	399,968
Loss on disposal of available-for-sale financial assets		–	(5,780)	–	(34,408)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(38)	319	(360)	444
Fair value loss on redemption option embedded in redeemable convertible preference shares of a related company		(2,702)	(461)	(14,177)	(3,332)
Selling and distribution costs		–	–	–	(5)
Administrative and other operating expenses		(4,606)	(8,762)	(16,341)	(29,900)
Operating (loss)/profit		(7,340)	(14,590)	(30,594)	333,041
Finance costs		(87)	(90)	(252)	(1,771)
(Loss)/profit before income tax		(7,427)	(14,680)	(30,846)	331,270
Income tax expense	4	–	–	–	–
(Loss)/profit for the period		(7,427)	(14,680)	(30,846)	331,270
Attributable to:					
Equity holders of the Company		(7,427)	(14,680)	(30,846)	331,607
Non-controlling interests		–	–	–	(337)
		(7,427)	(14,680)	(30,846)	331,270
(Loss)/earnings per share attributable to the equity holders of the Company for the period	6				
Basic and diluted		HK(0.1) cent	HK(0.1) cent	HK(0.3) cent	HK3.0 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period	(7,427)	(14,680)	(30,846)	331,270
Other comprehensive (loss)/income, that may be reclassified subsequently to profit or loss				
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	–	(1,080)	–	(9,012)
Fair value (loss)/gain on available-for-sale financial assets	(21,974)	90,155	(73,334)	37,180
Exchange differences on translation of financial statements of overseas subsidiaries	16,979	3,753	(17,120)	35,736
	<u>16,979</u>	<u>3,753</u>	<u>(17,120)</u>	<u>35,736</u>
Total comprehensive (loss)/income for the period	<u>(12,422)</u>	<u>78,148</u>	<u>(121,300)</u>	<u>256,019</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(12,422)	78,148	(121,300)	256,354
Non-controlling interests	–	–	–	(335)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(335)</u>
	<u>(12,422)</u>	<u>78,148</u>	<u>(121,300)</u>	<u>256,019</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Capital reserve HK\$'000	Capital contribution reserve HK\$'000	Available- for-sale financial assets revaluation reserve HK\$'000	Employee compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	111,785	771,842	(134)	6,044	291,562	4,445	3,566	100,576	838,614	2,128,300
Transactions with owners										
Purchase of shares for share award scheme	-	-	(129)	-	-	-	-	-	-	(129)
Vesting of share awards under share award scheme	-	-	247	-	-	-	(146)	-	(101)	-
Forfeiture of share awards	-	-	-	-	-	-	(471)	-	471	-
Recognition of equity settled share-based compensation	-	-	-	-	-	-	6,349	-	-	6,349
Lapse of share option	-	-	-	-	-	-	(869)	-	869	-
Transactions with owners	-	-	118	-	-	-	4,863	-	1,239	6,220
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	-	-	(30,846)	(30,846)
Other comprehensive loss										
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(73,334)	-	-	-	(73,334)
Exchange realignment	-	-	-	-	-	-	-	(17,120)	-	(17,120)
Total comprehensive loss for the period	-	-	-	-	-	(73,334)	-	(17,120)	(30,846)	(121,300)
At 30 September 2014 (unaudited)	<u>111,785</u>	<u>771,842</u>	<u>(16)</u>	<u>6,044</u>	<u>291,562</u>	<u>(68,889)</u>	<u>8,429</u>	<u>83,456</u>	<u>809,007</u>	<u>2,013,220</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine months ended 30 September 2013

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Capital reserve HK\$'000	Capital contribution reserve HK\$'000	Available-for-sale financial assets revaluation reserve HK\$'000	Employee compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At 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	-	-	(4,646)	-	-	-	-	-	-	(4,646)	-	(4,646)
Vesting of share awards under share award scheme	-	-	90	-	-	-	(97)	-	7	-	-	-
Recognition of equity settled share-based compensation	-	-	-	-	-	-	471	-	-	471	-	471
Transactions with owners	-	-	(4,556)	-	-	-	374	-	7	(4,175)	(366,949)	(371,124)
Comprehensive income/(loss)												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	331,607	331,607	(337)	331,270
Other comprehensive income/(loss)												
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	-	-	-	-	-	(9,012)	-	-	-	(9,012)	-	(9,012)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	37,180	-	-	-	37,180	-	37,180
Exchange realignment	-	-	-	-	-	-	-	35,734	-	35,734	2	35,736
Total comprehensive income/(loss) for the period	-	-	-	-	-	28,168	-	(103,421)	331,607	256,354	(335)	256,019
At 30 September 2013 (unaudited)	111,785	771,842	(5,402)	6,044	291,562	28,168	580	87,354	887,746	2,179,679	-	2,179,679

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2014 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 2013 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 2014, as disclosed in the annual financial statements for the year ended 31 December 2013. 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 condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 December 2013.

2. REVENUE

There was no revenue recorded for the three months and nine months ended 30 September 2014 and 30 September 2013. Since the Group’s property development projects are still in development stage, the Group will resume and recognise revenue upon the projects’ completion and sale.

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. 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 2014 and 30 September 2013.

No provision for the PRC enterprise income taxes has been made during the periods as the subsidiaries operated in the PRC had no assessable profits for the three months and nine months ended 30 September 2014 and 30 September 2013.

7. LOAN PAYABLE

In February 2014, Perennial Success Limited (the “Purchaser”), an indirect wholly-owned subsidiary of South China (China) Limited (“SCC”), entered into the sales and purchase agreement (the “Agreement”) with Crystal Hub Limited (the “Vendor”), a direct wholly-owned subsidiary of the Company, in respect of the sale of 40% of the issued share capital (the “Sale Shares”) of Elite Empire Investments Limited (“Elite Empire”) at a consideration of HK\$600 million, which was satisfied by (i) the first payment of a refundable deposit in the sum of HK\$10 million in cash by the Purchaser to the Vendor within 1 month from the date of the Agreement; (ii) the second payment in the sum of HK\$290 million in cash by the Purchaser to the Vendor on or before completion; and (iii) as procured by the Purchaser, the issue of the convertible preference shares by SCC to the Vendor or its nominee(s) for the remaining balance, i.e. HK\$300 million, on completion.

Under the Agreement, the Purchaser granted to the Vendor a call option (the “Call Option”) by entering into the options agreement (the “Options Agreement”) to give the Vendor the right to require the Purchaser to sell to the Vendor all (but not part) of the Sale Shares, subject to the terms and conditions of the Options Agreement, at the exercise price (i.e. HK\$700 million) during the option exercisable period (i.e. the period of 15 months commencing on the 1st day of the 10th months from the completion date and expiring on the last day of the 24th month from the completion date, both days inclusive). The Vendor also granted to the Purchaser a put option (the “Put Option”) to give the Purchaser the right to require the Vendor to buyback all (but not part) of the Sale Shares from the Purchaser subject to the terms and conditions of the Options Agreement.

The abovementioned transactions were completed on 11 April 2014. As detailed in the circular of the Company dated 19 March 2014, the Group has recognised (i) the sale of the Sale Shares and (ii) the grant of the Call Option by the Purchaser to the Vendor and the grant of the Put Option by the Vendor to the Purchaser at same exercise price, which is a fixed sum, and with the same option exercisable period collectively as a debt instrument. The Group recognised the said debt instrument as a financial liability in view of, among others, the following:

- Under the Agreement, the Purchaser is only entitled to appoint directors to the boards of Elite Empire and its subsidiaries (“Elite Empire Group”) after (i) the occurrence of any intervening event as referred to in the section headed “Management of Elite Empire Group after Completion” in the circular issued by the Company on 19 March 2014 or (ii) the lapse of the Put option and the Call option. Furthermore, the Purchaser has agreed not to interfere with the business and the operating and financing policy decisions of Elite Empire Group at both the board and shareholder levels before the expiry of the option exercisable period provided that there is no breach of the Agreement and Elite Empire Group is not engaged in any business;
- The Put Option and the Call Option with the fixed exercise price render the Purchaser’s present access to the ownership interest in the Sale Shares by way of sharing the residual interest in the assets of the Elite Empire Group after deducting all of the liabilities thereof limited and, therefore, the Vendor retains substantially all the risks and rewards of ownership. The combination of the Put Option and the Call Option with the same option exercisable period and the same exercise price resembles a forward contract whereby the Purchaser is obliged to deliver the Sale Shares to the Vendor and the Vendor is obliged to settle the exercise price on the maturity date of such forward contract.

Accordingly, the Group has recognised the financial liability in respect of the abovementioned debt instrument at fair value, which amounted to approximately HK\$591 million. The financial liability is measured at amortised cost using the effective interest rate method. The finance cost arising from the effective interest rate amortisation from the day immediately after the completion to the date immediately before the commencement date of the option exercisable period, is recognised in the consolidated income statement of the Group over the said period with a corresponding increase in the carrying value of the loan payable, which will stand at the balance of HK\$700 million immediately before the commencement of the option exercisable period. The finance cost so arisen during the period from the completion date to 30 September 2014 has been capitalised as part of the cost of properties under development.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a loss attributable to the equity holders of the Company for the nine months ended 30 September 2014 of HK\$30.8 million (nine months ended 30 September 2013: a profit of HK\$331.6 million). The profit attributable to the equity holders of the Company for the nine months ended 30 September 2013 primarily represented the gain on disposal of Splendor Sheen Limited and its subsidiaries which was completed on 16 January 2013 as published in the announcement of the Company issued on 17 January 2013.

FINANCIAL REVIEW

No revenue was reported for the nine months ended 30 September 2014 and 30 September 2013. Since the Group's property development projects are still in development stage, the Group will resume and recognise revenue upon the projects' completion and sale.

Administrative and other operating expenses amounted to HK\$16.3 million (nine months ended 30 September 2013: HK\$29.9 million) for the period under review. The decrease in administrative and other operating expenses was mainly attributable to the decrease in exchange loss arising from the currencies conversion between the United States dollars and Hong Kong dollars and RMB. As at 30 September 2014, the Group has no bank borrowings.

In April 2014, the Group recognised a financial liability at fair value upon completion of the disposal of 40% of the issued share capital of Elite Empire. The financial liability is measured at amortised cost using the effective interest rate method. For the nine months ended 30 September 2014, the effective interest rate amortisation amounted to HK\$66.1 million was fully capitalised in properties under development.

BUSINESS REVIEW

Shenyang, Liaoning Province

The Dadong District (大東區) property development project, with an aggregate site area of 44,923 square metres, is subdivided into two sites, Northern lot and Southern lot with 30,450 square metres and 14,473 square metres respectively, by a pedestrian road. The project comprises of three phases of development. The first phase is located in the Southern lot with gross floor area ("GFA") of approximately 171,000 square metres, with two blocks of residential tower, one block of SOHO and commercial/retail development. The second and third phase is located in the Northern lot with GFA of approximately 387,000 square metres, with two blocks of SOHO, two blocks of service apartment/hotel and office tower and commercial/retail development.

Up to 30 September 2014, the registered capital of US\$116.3 million (equivalent to RMB751.5 million) has been injected. As of today, the State-owned Land Use Right Certificate (國有土地使用證) and the Land Use Permit (建設用地規劃許可證) of the Southern lot have been obtained. The demolition and settlement work of the Southern lot was completed and handed over. Excavation and foundation work has been started in the third quarter of 2013 and basement work construction has been commenced.

The Huanggu District (皇姑區) property development project, with a site area of approximately 67,000 square metres, is a mixed development which comprises commercial/retail, residential and office/hotel. As of today, the consideration for the land use rights is RMB1,176.8 million, of which RMB235.4 million has been paid.

Cangzhou, Hebei Province

The Huanghua New City (黃驊新城) property development project, with a site area of 32,336 square metres, is a commercial/retail development to provide shopping mall, entertainment, dining and recreational facilities with a total GFA of approximately 45,000 square metres. The consideration for the land use rights is RMB15.3 million. As of today, the State-owned Land Use Right Certificate (國有土地使用證), the Land Use Permit (建設用地規劃許可證) and the Construction Planning Permit (建設工程規劃許可證) have been obtained. Main contract work is expected to be commenced upon obtaining the Construction Permit (建設工程施工許可證).

In February 2014, the Group won a bid at the tender for the acquisition of the land immediately adjacent to our existing Huanghua New City property development project with a site area of 32,921 square metres and allowable GFA of approximately 99,000 square metres. As of today, the consideration for the land acquisition amounted to RMB15.5 million has been fully paid. The above newly acquired land, being the second phase to our existing Huanghua New City property development project, will further provide commercial/retail/office/hotel facilities.

Tianjin

In August 2014, the Group successfully won a bid at the tender for the acquisition of the land located at Sicundianzhen, Wuqing District, Tianjin (天津武清區泗村店鎮). The Wuqing District (武清區) property development project, with a site area of approximately 88,000 square metres for mixed development which comprises commercial/retail and residential. As of today, the consideration for the land use rights is RMB106 million, of which an aggregate amount of RMB89 million has been paid.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

As published in the joint announcement of the Company and SCC dated 18 February 2014, pursuant to the sales and purchase agreement dated 17 February 2014, Perennial Success Limited (the “Purchaser”), an indirect wholly-owned subsidiary of SCC, entered into the sales and purchase agreement with Crystal Hub Limited (the “Vendor”), a direct wholly-owned subsidiary of the Company, whereby the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the sale shares, being 40% of the issued share capital of Elite Empire at a consideration of HK\$600 million. As contemplated under the sales and purchase agreement, SCC and the Company entered into a deed of undertaking executed by SCC, the Company and Elite Empire (the “Deed of Undertaking”) whereby SCC shall give each guarantee in favour of the prospective lender(s) of any member of Elite Empire and its subsidiaries to be granted by SCC subject to the terms and conditions of the sales and purchase agreement and the Deed of Undertaking which the Company shall in return counter guarantee subject to a limit of liability; and, the Vendor and the Purchaser shall enter into the put and call options agreement to grant each other an option on the sale shares.

As published in the joint announcement of the Company and SCC dated 17 April 2014, the completion took place on the day immediately after the extraordinary general meetings of the Company and SCC, both held on 10 April 2014.

According to the Deed of Undertaking, no guarantee shall be granted to any prospective lender of any member of Elite Empire Group by SCC for any loan with drawdown date falling on a date after six months from the date on the SCC independent shareholders approve the transactions. As of today, none of the members of Elite Empire Group has requested for any grant of guarantee from SCC and the aforementioned period for grant of guarantee expired.

PROSPECTS

Shenyang is the heart of the Northeastern region (東北三省) (namely, Liaoning Province, Jilin Province and Heilongjiang Province), and is the capital city of Liaoning Province. Shenyang is a famous historic cultural city with a city population of over 8 million, and is the gateway to China's Northeastern region. In view of the strong encouragement from the Central People's Government to develop the Northeastern region, Shenyang has been experiencing rapid growth in both the domestic economy and the brisk development in the infrastructure facilities.

The Group's property development projects in Dadong District and Huanggu District situated right at the heart of the Shenyang, the capital city of Liaoning Province. The Dadong District property development project is in the Zhongjie pedestrian commercial zone (中街步行商業區). The Zhongjie pedestrian commercial zone is the busiest shopping district in Shenyang. It is the longest standing and most traditional shopping centre of the city since the Qing Dynasty. The Huanggu District property development project is in the Changjiang pedestrian shopping street (長江步行購物街), being one of the three major shopping districts in Shenyang and is also the centre of the Huanggu's commercial hub.

Cangzhou is located in the southeast part of Hebei Province and the prefecture-level administrative unit has a population of over 7 million. Tianjin is a metropolis in northern China and one of the five national central cities of the PRC. Tianjin borders Hebei Province and Beijing, bounded to the east by the Bohai Gulf portion of the Yellow Sea. Since the mid-19th century, Tianjin has been a major seaport and gateway to the nation's capital. The Group's property development projects in Cangzhou and Tianjin situated at the new growth pole in China and a hub of advanced industry and financial activity.

The Group will continue to focus on its core property development projects, such as Dadong District, Huanghua New City and Wuqing District projects, in the foreseeable future. Meanwhile, the Group will also look for prime locations for possibly small to medium sized projects should desirable opportunities arise. As at the date of this report, the Group has paid deposits and premiums for lands located in Cangzhou, Hebei Province, Tianjin and Shenyang, Liaoning Province with site areas of approximately 275,000 square metres in aggregate for its property development operations.

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 2014, the interests and short positions of the Directors and the chief executive 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 (the "Register of Directors' and Chief Executives' Interests"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the required standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long positions in shares

Name of Directors	Capacity	Number of ordinary shares	Total number of ordinary shares	Approximate percentage of shareholding to total issued ordinary shares
Ng Hung Sang ("Mr. Ng")	Beneficial owner Interest of spouse Interest of controlled corporations	363,393,739 967,923,774 5,925,862,442 <i>(Note (a))</i>	7,257,179,955	64.92%
Ko Pak Yau William ("Mr. Ko")	Beneficial owner		31,948,882 <i>(Note (b))</i>	0.29%
Ng Yuk Yeung Paul ("Mr. Paul Ng")	Beneficial owner		2,602,667	0.02%
Ng Yuk Fung Peter ("Mr. Peter Ng")	Beneficial owner		493,346,667	4.41%
Law Albert Yu Kwan ("Mr. Law")	Beneficial owner		1,472,000 <i>(Note (c))</i>	0.01%

(ii) Long positions in underlying shares

Name of Directors	Capacity	Number of underlying ordinary shares	Approximate percentage of shareholding to total issued ordinary shares
Mr. Ko	Beneficial owner	111,784,000 <i>(Note (b))</i>	1.00%
Mr. Paul Ng	Beneficial owner	83,840,000 <i>(Note (d))</i>	0.75%
Cheung Choi Ngor ("Ms. Cheung")	Beneficial owner	55,896,000 <i>(Note (d))</i>	0.50%
Mr. Peter Ng	Beneficial owner	55,896,000 <i>(Note (d))</i>	0.50%
Mr. Law	Beneficial owner	67,528,000 <i>(Note (e))</i>	0.61%

Notes:

- (a) The 5,925,862,442 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”), 65,104,000 shares held by South China Strategic Limited (“SC Strategic”) and 1,144 shares held by South China Finance And Management Limited (“SCFM”). Fung Shing, Parkfield and Ronastar were all wholly-owned by Mr. Ng. Mr. Ng holds SC Strategic and SCFM indirectly via SCC and South China Financial Holdings Limited (“SCF”) respectively. SCC and SCF were owned as to approximately to 60.87% and 58.94% 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. As such, Mr. Ng was deemed to have interest in the 65,104,000 shares held by SC Strategic, the 1,144 shares held by SCFM and the aggregate 2,238,789,644 shares held by Bannock and Eartrade.
- (b) The 31,948,882 shares of the Company held by Mr. Ko were the share awarded to him under the Company’s employees’ share award scheme (the “Share Award Scheme”) on 1 October 2013, and such award shares were vested on the same day. The 111,784,000 underlying shares of the Company held by Mr. Ko were the share options granted to him on 1 October 2013 under the share option scheme adopted by the Company on 8 May 2012 (the “Share Option Scheme”).
- (c) 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 (the “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.
- (d) The respective underlying shares of the Company held by Mr. Paul Ng, Ms. Cheung and Mr. Peter Ng were the share options granted to them under the Share Option Scheme on 1 October 2013.
- (e) 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. The 55,896,000 underlying shares of the Company held by Mr. Law were the share options granted to him under the Share Option Scheme on 1 October 2013.

Save as disclosed above, as at 30 September 2014, 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 September 2014, the following person/corporations, other than the Directors and 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 required to be kept by the Company under Section 336 of SFO (the "Register of Substantial Shareholders' Interests"):

Long positions in shares

Name of shareholders	Capacity	Number of ordinary shares	Approximate percentage of shareholding to total issued ordinary shares
Eartrade	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	7,257,179,955 <i>(Note (b))</i>	64.92%

Notes:

- (a) Bannock was a wholly-owned subsidiary of Eartrade. The 2,238,789,644 shares in the Company held by Eartrade 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 5,925,862,442 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 2014, no person or corporation, other than the Directors or the chief executive of the Company, whose interests are set out in 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, 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 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 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 SCHEME

The adoption of Share Option Scheme was approved by shareholders of the Company and became effective on 8 May 2012.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

As at 30 September 2014, Mr. Ng, the Chairman, an Executive Director and the controlling shareholder of the Company, is also the chairman and an executive director of South China Holdings Limited ("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. Mr. Law, an Executive Director of the Company with certain shareholding interest in the Company, is also an executive director of SCC with certain shareholding interest in the 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, Mr. Law 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 September 2014, 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. With effect from 4:00 p.m. on 3 October 2014, Mr. Ng resigned from his office of executive director and chairman of the board of SCH, Mr. Gorges, Ms. Cheung and Mr. Peter Ng resigned from their offices of executive director of SCH, and Ms. Jessica Ng resigned from her office of non-executive director of SCH.

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

During the nine months ended 30 September 2014, the trustee of the Share Award Scheme purchased a total of 904,000 shares of the Company at a total consideration of approximately HK\$129,000 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.

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

Hong Kong, 4 November 2014

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 and Mr. Law Albert Yu Kwan as executive directors; (2) Ms. Ng Yuk Mui Jessica as non-executive director; 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.