



SOUTH CHINA LAND LIMITED

南華置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8155)

**THIRD QUARTERLY REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

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 2015 together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	2	-	-	-	-
Other operating income		35	6	67	284
Loss on disposal of available-for-sale financial assets		-	-	(15,790)	-
Fair value (loss)/gain on financial assets at fair value through profit or loss		(2,007)	(38)	1,549	(360)
Fair value (loss)/gain on redemption option embedded in redeemable convertible preference shares of a related company		(28,106)	(2,702)	24,831	(14,177)
Administrative and other operating expenses		(7,294)	(4,606)	(16,289)	(16,341)
Operating loss		(37,372)	(7,340)	(5,632)	(30,594)
Finance costs		(72)	(87)	(213)	(252)
Loss before income tax		(37,444)	(7,427)	(5,845)	(30,846)
Income tax expense	4	-	-	-	-
Loss for the period attributable to the equity holders of the Company		(37,444)	(7,427)	(5,845)	(30,846)
Loss per share attributable to the equity holders of the Company for the period					
Basic and diluted	6	HK(0.34) cent	HK(0.10) cent	HK(0.05) cent	HK(0.30) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(37,444)	(7,427)	(5,845)	(30,846)
Other comprehensive (loss)/income, that may be reclassified subsequently to profit or loss				
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	-	-	2,035	-
Fair value (loss)/gain on available-for-sale financial assets	(419,792)	(21,974)	186,712	(73,334)
Exchange differences on translation of financial statements of overseas subsidiaries	(35,826)	16,979	(39,340)	(17,120)
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Total comprehensive (loss)/income for the period attributable to the equity holders of the Company	(493,062)	(12,422)	143,562	(121,300)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Treasury shares <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital contribution reserve <i>HK\$'000</i>	Available- for-sale financial assets revaluation reserve <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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										
Recognition of equity settled share-based compensation	-	-	-	-	-	-	6,349	-	-	6,349
Purchase of shares for share award scheme	-	-	(129)	-	-	-	-	-	-	(129)
Vesting of share awards under share award scheme	-	-	247	-	-	-	(146)	-	(101)	-
Forfeit of share awards under share award scheme	-	-	-	-	-	-	(471)	-	471	-
Lapse of share options under share option scheme	-	-	-	-	-	-	(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)	111,785	771,842	(16)	6,044	291,562	(68,889)	8,429	83,456	809,007	2,013,220
At 31 December 2014 and 1 January 2015 (audited)	111,785	771,842	(20,830)	6,044	291,562	135,606	10,576	69,773	836,878	2,213,236
Transactions with owners										
Recognition of equity settled share-based compensation	-	-	-	-	-	-	5,989	-	-	5,989
Lapse of share options under share option scheme	-	-	-	-	-	-	(485)	-	485	-
Transactions with owners	-	-	-	-	-	-	5,504	-	485	5,989
Comprehensive income										
Loss for the period	-	-	-	-	-	-	-	-	(5,845)	(5,845)
Other comprehensive income/(loss)										
Release of reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	2,035	-	-	-	2,035
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	186,712	-	-	-	186,712
Exchange realignment	-	-	-	-	-	-	-	(39,340)	-	(39,340)
Total comprehensive income/(loss) for the period	-	-	-	-	-	188,747	-	(39,340)	(5,845)	143,562
At 30 September 2015 (unaudited)	111,785	771,842	(20,830)	6,044	291,562	324,353	16,080	30,433	831,518	2,362,787

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2015 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 2014 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 2015, as disclosed in the annual financial statements for the year ended 31 December 2014. 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.

The unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 December 2014.

2. REVENUE

There was no revenue recorded for the three months and nine months ended 30 September 2015 and 30 September 2014. 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. As mentioned in the joint announcement of the Company and South China Financial Holdings Limited (“SCF”) issued on 30 September 2015, the Group has acquired a company engaged in provision of investment advisory and asset management services, it is expected the new business will generate steady income stream in the near future.

3. SEGMENT INFORMATION

The Group has identified its operating segment based on the regular internal financial information reported to the Group’s management for their decisions about resources allocation 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.

As mentioned in the joint announcement of the Company and SCF issued on 30 September 2015, the Group has acquired a company engaged in provision of investment advisory and asset management services, it is expected the Group to consolidate its existing property development business and diversify into new business in the near future. As of 30 September 2015, the newly acquired subsidiary does not have material contribution to the Group’s financial position.

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was provided for 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 2015 and 30 September 2014.

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 2015 and 30 September 2014.

5. DIVIDEND

The Board resolved not to declare the payment of dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

6. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Unaudited loss attributable to the equity holders of the Company used in the basic loss per share calculation	<u>(37,444)</u>	<u>(7,427)</u>	<u>(5,845)</u>	<u>(30,846)</u>
	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
Weighted average number of ordinary shares 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>(174,203,118)</u>	<u>(904,000)</u>	<u>(174,203,118)</u>	<u>(625,846)</u>
Weighted average number of ordinary shares used in the basic loss per share calculation	<u>11,004,295,226</u>	<u>11,177,594,344</u>	<u>11,004,295,226</u>	<u>11,177,872,498</u>

There is no material dilutive potential ordinary share for the three months and nine months ended 30 September 2015 and 30 September 2014.

The Company granted 26,576,000 share options during the nine months ended 30 September 2014 and no share option was granted during the nine months ended 30 September 2015. The Company's share options have no dilution effect for the three months and nine months ended 30 September 2015 and 30 September 2014 because the exercise prices of the Company's share options were higher than the average market prices of the shares for the periods.

7. LOAN PAYABLE

In February 2014, Perennial Success Limited (the “Purchaser”), an indirect wholly-owned subsidiary of South China Holdings Company Limited (“SCHC”), entered into a 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) a refundable deposit in the sum of HK\$10 million in cash; (ii) cash payment of HK\$290 million made by the Purchaser on or before the Transaction Completion Date (as below-mentioned); and (iii) issue of the convertible preference shares by SCHC to the Vendor or its nominee(s) for HK\$300 million, on the Transaction Completion Date.

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 period of 15 months commencing on the first day of the tenth months from the Transaction Completion Date and expiring on the last day of the twenty-fourth month from the Transaction Completion Date, both days inclusive (the “Option Exercisable Period”). 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 (the “Transaction Completion Date”). 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 on the Transaction Completion Date, 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 Transaction Completion Date to the commencement of the Option Exercisable Period 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 2015 of HK\$5.8 million (nine months ended 30 September 2014: a loss of HK\$30.8 million). The loss attributable to the equity holders of the Company for the nine months ended 30 September 2015 primarily resulting from the loss on disposal of available-for-sale financial assets and administrative and other operating expenses which was partially offset by the fair value gain on redemption option embedded in redeemable convertible preference shares of a related company.

FINANCIAL REVIEW

No revenue was reported for the nine months ended 30 September 2015 and 30 September 2014. 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. As mentioned in the joint announcement of the Company and SCF issued on 30 September 2015, the Group has acquired a company engaged in provision of investment advisory and asset management services, it is expected the new business will generate steady income stream in the near future.

Administrative and other operating expenses amounted to HK\$16.3 million (nine months ended 30 September 2014: HK\$16.3 million) for the period under review. As at 30 September 2015, the Group had no bank borrowings.

BUSINESS REVIEW

Shenyang, Liaoning Province

The Dadong District (大東區) property development project, with an aggregate site area of 44,923 square metres comprises the southern site with a site area of 14,473 square metres (the "Southern Lot") and the northern site with a site area of 30,450 square metres (the "Northern Lot"). It is a mixed development comprising service apartments, residential units, office, shopping area, catering and entertainment facilities, hotel and car park with total gross floor area ("GFA") of approximately 558,000 square metres as currently planned of which the GFA of the Southern Lot and Northern Lot are approximately 171,000 square metres and 387,000 square metres, respectively. The Southern Lot has been handed over to the Group following the completion of relocation of occupants and site clearance works and the Group has obtained the State-owned Land Use Right Certificate (國有土地使用證) and Construction Land Planning Permit (建設用地規劃許可證) for the same in December 2013 and September 2013, respectively. The excavation and foundation works for the Southern Lot have commenced in the third quarter of 2013. Shenyang Planning and Land Resources Bureau (瀋陽市規劃和國土資源局) has approved the revised design plan and the related extended development design submitted in the first quarter of 2015. The Construction Work Planning Permit (建設工程規劃許可證) for the underground spaces for the Southern Lot was obtained in August 2015. The remaining resettlement costs is yet to be paid before the issuance of the State-owned Land Use Right Certificate (國有土地使用證) for the Northern Lot.

Up to 30 September 2015, the registered capital of approximately US\$123.4 million (equivalent to approximately RMB795.3 million) has been injected.

As published in the joint announcement of the Company and SCHC dated 7 October 2015, the sale of the entire issued share capital of Elite Empire, the intermediate holding company of the legal and beneficial owner of the development rights in Dadong District (大東區) property development project, was completed (Details of the transaction are set out in the section headed “Material acquisitions or disposals of subsidiaries and associates” below).

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. 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

The Wuqing District (武清區) property development project, with a site area of approximately 88,000 square metres, is a mixed development comprising commercial and residential units. The consideration for the land use rights has been paid in full and the payment of the deed tax had been made in August 2015. The issuance of the State-owned Land Use Right Certificate (國有土地使用證) is pending the completion of the relevant administrative procedures.

As published in the joint announcement of the Company and SCHC dated 7 October 2015, the sale of the entire issued share capital of Bigwin Investments Limited (“Bigwin”), the intermediate holding company of the legal and beneficial owner of the development rights in Wuqing District (武清區) property development project, was completed (Details of the transaction are set out in the section headed “Material acquisitions or disposals of subsidiaries and associates” below).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

(a) Acquisition of the entire issued share capital of South China Asset Management Limited (“SCAM”)

As published in the joint announcement of the Company and SCF dated 18 May 2015, SCF entered into the sale and purchase agreement with Wealth Anchor Holdings Limited (“WAHL”), a direct wholly-owned subsidiary of the Company, whereby WAHL conditionally agreed to acquire and SCF conditionally agreed to sell the entire issued share capital of SCAM, its principal activities consist of the provision of investment advisory and asset management services. The consideration, shall be the net asset value, was arrived at after arm’s length negotiation between SCF and WAHL with reference to the net asset value of SCAM as at 30 April 2015.

The transaction was completed on 30 September 2015 and the consideration as adjusted by reference to the completion accounts amounted to approximately HK\$5.6 million.

(b) Disposal of the entire issued share capital of Elite Empire and Bigwin and the related outstanding loans

As published in the joint announcement of the Company and SCHC dated 16 June 2015, Perennial Success Limited (“Purchaser A”) and Profit Runner Investments Limited (“Purchaser B”), each an indirect wholly-owned subsidiary of SCHC, entered into the agreements with Crystal Hub Limited, a direct wholly-owned subsidiary of the Company, pursuant to which, among other terms, the Vendor conditionally agreed to dispose of and Purchaser A and Purchaser B conditionally agreed to acquire the entire issued share capital of Elite Empire (“Sale Shares A”), the entire issued share capital of Bigwin (“Sale Share B”) and the total outstanding balances of all the loans made by the Vendor to Elite Empire Group and Bigwin and its subsidiaries, immediately before the completion (respectively referred as “Sale Debt A” and “Sale Debt B”) at the consideration not exceeding HK\$1,654.1 million (subject to adjustment). Also as contemplated under the agreements (referred as the “Sale Shares Agreement” and the “Sale Debts Agreement”), SCHC and the Company shall enter into a deed of undertaking whereby SCHC shall, at the request of the Company, grant guarantee(s) for which the Company shall in return provide counter guarantees. For more details, please refer to the circular issued by the Company on 4 September 2015.

The completion took place on 7 October 2015 in accordance with the terms and conditions of the agreements. The aggregated consideration for Sale Shares A and Sale Share B and the aggregated consideration for the Sale Debt A and Sale Debt B determined pursuant to the terms of the agreements amounted to approximately HK\$885.7 million and HK\$740.9 million, respectively. The total consideration of the transaction shall be satisfied by (i) applying the exercise price of the Put Option in the sum of HK\$700 million payable by the Vendor to Purchaser A upon the exercise of such Put Option; (ii) cash payment in the sum of HK\$92.85 million and (iii) as procured by Purchaser A and Purchaser B, the issue of the convertible preference shares by SCHC to the Vendor or its nominee(s) for the remaining balance.

(c) Acquisition of the entire issued share capital of South China Financial Credits Limited ("SCFC")

As published in the joint announcement of the Company and SCF dated 5 November 2015, SCF, Mr. Ng Yuk Fung Peter and Mr. Ng Yuk Yeung Paul (collectively the "Vendors") entered into the sale and purchase agreement with Prosperous Global Holdings Limited ("PGHL"), a direct wholly-owned subsidiary of the Company, whereby the Vendors agreed to sell and PGHL agreed to purchase the entire issued share capital of SCFC, its principal activity, which maintains a money lenders licence, is money lending. The consideration shall be the net asset value as at 15 October 2015 which is subject to the adjustment to align the consideration so determined to the net asset value as at the date of completion. According to the latest available financial statements of SCFC, the net asset value as at 15 October 2015 amounted to HK\$20.8 million.

The consideration shall be paid by PGHL to the Vendors or any other designated persons as the Vendors may direct in cash, cashier order or telegraphic or other electronic means of transfer of clear funds at completion. The completion of the transaction is subject to the fulfillment of conditions precedent as set out in the sale and purchase agreement.

PROSPECTS

In a recent review of its existing business, the Company's management was of the view that it is in the best interest of the Group to consolidate its existing property development business and diversify into new business which is able to produce steady income stream given the existing market conditions and the resources available. As mentioned in the joint announcements of the Company and SCF issued on 18 May 2015, 30 July 2015 and 30 September 2015, the Group has acquired a company engaged in provision of investment advisory and asset management services. As mentioned in the joint announcement of the Company and SCF issued on 5 November 2015, the Group will acquire a company engaged in money lending business. The Group will continue to explore other potential business opportunities in financial services related businesses.

Given the delay in construction of the Dadong District (大東區) property development project due to certain changes in the development design, including the unit distribution and positioning of certain towers, to better suit the market and, hence, the possibility of Purchaser A exercising the Put Option, as part of the exercise to consolidate the existing property development projects with a view to rationalise the existing businesses and build a stable platform to move forward, the Group has to deal with the Put Option, which Purchaser A may exercise, to relieve the Group from such burden, unload sizable property development projects which call for substantial resources, and focus on small to medium size projects, for instance, the project at the Huanghua New City (黃驊新城).

After the completion of the disposal of entire issued share capital of Elite Empire and Bigwin and as of today, the Group has paid deposits and premiums for lands located in Cangzhou, Hebei Province and Shenyang, Liaoning Province with site areas of approximately 142,000 square meters 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 2015, 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 by the Company 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:

(i) Long positions in ordinary shares of the Company (the “Shares”)

Directors	Capacity	Number of Shares	Total number of Shares	Approximate percentage of shareholding to total issued Shares
Ng Hung Sang (“Mr. Ng”)	Beneficial owner Interest of spouse Interest of controlled corporations	363,393,739 967,923,774 5,925,872,490 <i>(Note (a))</i>	7,257,190,003	64.92%
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		4,472,000	0.04%

(ii) Long positions in underlying Shares

Directors	Capacity	Number of underlying Shares	Approximate percentage of shareholding to total issued Shares
Mr. Paul Ng	Beneficial owner	83,840,000 <i>(Note (b))</i>	0.75%
Cheung Choi Ngor (“Ms. Cheung”)	Beneficial owner	55,896,000 <i>(Note (b))</i>	0.50%
Mr. Peter Ng	Beneficial owner	55,896,000 <i>(Note (b))</i>	0.50%
Mr. Law	Beneficial owner	64,528,000 <i>(Note (c))</i>	0.58%

Notes:

- (a) 5,925,872,490 Shares 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 11,192 Shares held by South China Finance And Management Limited (“SCFM”). Fung Shing, Parkfield and Ronastar were all directly wholly-owned by Mr. Ng. Mr. Ng holds SC Strategic and SCFM indirectly via South China Holdings Company Limited (“SCHC”) and South China Financial Holdings Limited (“SCF”) respectively. SCHC and SCF were owned as to approximately to 60.87% and 26.94% respectively by Mr. Ng while Bannock was a wholly-owned subsidiary of Eartrade which was directly 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, 11,192 Shares held by SCFM and the aggregate 2,238,789,644 Shares held by Bannock and Eartrade.
- (b) The respective underlying Shares held by Mr. Paul Ng, Ms. Cheung and Mr. Peter Ng were the share options granted to them on 1 October 2013 under the share option scheme adopted by the Company on 8 May 2012 (the “Share Option Scheme”).

- (c) 8,632,000 underlying Shares held by Mr. Law were the Shares awarded to him on 28 March 2013 under the employees' share award scheme of SCHC, with vesting date on 31 December 2015. 55,896,000 underlying Shares held by Mr. Law were the share options granted to him on 1 October 2013 under the Share Option Scheme.

Save as disclosed above, as at 30 September 2015, 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 required to be kept by the Company 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' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2015, 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 as recorded in the register of interests required to be kept by the Company under section 336 of SFO:

Long positions in Shares

Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding to total issued 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	7,257,190,003 <i>(Note (b))</i>	64.92%

Notes:

- (a) Bannock was a wholly-owned subsidiary of Eartrade. Eartrade was deemed to have interest in the Shares held by Bannock.
- (b) Ms. Ng, who held 967,923,774 Shares 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 have interest in 363,393,739 Shares and 5,925,872,490 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 2015, 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 as recorded in the register of interests required to be kept by the Company under section 336 of SFO.

EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted the Company's 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\$50 million will be used for the purchase of shares of the Company and/or SCHC 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. Particulars and movements of the outstanding share options granted under the Share Option Scheme during the nine months ended 30 September 2015 were as follows:

Name or category of participant	Number of share options						Date of grant of share options (DD/MM/YYYY)	Exercisable period of share options (Note i)	Price of Shares			
	Balance as at 01/01/2015	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30/09/2015			Exercise price per share option HK\$	Immediately preceding the grant	Immediately preceding the exercise	
										date of share option (Note ii)	date of share option (Note iii)	HK\$
Directors												
Mr. Paul Ng	25,152,000	-	-	-	-	25,152,000	01/10/2013	01/10/2016 – 30/09/2023	0.188	0.188	N/A	
	25,152,000	-	-	-	-	25,152,000	01/10/2013	01/10/2017 – 30/09/2023	0.188	0.188	N/A	
	33,536,000	-	-	-	-	33,536,000	01/10/2013	01/10/2018 – 30/09/2023	0.188	0.188	N/A	
Ms. Cheung	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2016 – 30/09/2023	0.188	0.188	N/A	
	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2017 – 30/09/2023	0.188	0.188	N/A	
	22,360,000	-	-	-	-	22,360,000	01/10/2013	01/10/2018 – 30/09/2023	0.188	0.188	N/A	
Mr. Peter Ng	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2016 – 30/09/2023	0.188	0.188	N/A	
	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2017 – 30/09/2023	0.188	0.188	N/A	
	22,360,000	-	-	-	-	22,360,000	01/10/2013	01/10/2018 – 30/09/2023	0.188	0.188	N/A	
Mr. Law	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2016 – 30/09/2023	0.188	0.188	N/A	
	16,768,000	-	-	-	-	16,768,000	01/10/2013	01/10/2017 – 30/09/2023	0.188	0.188	N/A	
	22,360,000	-	-	-	-	22,360,000	01/10/2013	01/10/2018 – 30/09/2023	0.188	0.188	N/A	
Sub-total	<u>251,528,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,528,000</u>						
Employees												
In aggregate	3,184,000	-	-	(3,184,000)	-	0	15/01/2014	15/01/2017 – 14/01/2024	0.188	0.168	N/A	
	3,184,000	-	-	(3,184,000)	-	0	15/01/2014	15/01/2018 – 14/01/2024	0.188	0.168	N/A	
	4,264,000	-	-	(4,264,000)	-	0	15/01/2014	15/01/2019 – 14/01/2024	0.188	0.168	N/A	
	1,592,000	-	-	(1,592,000)	-	0	07/05/2014	28/04/2017 – 27/04/2024	0.188	0.133	N/A	
	1,592,000	-	-	(1,592,000)	-	0	07/05/2014	28/04/2018 – 27/04/2024	0.188	0.133	N/A	
	2,128,000	-	-	(2,128,000)	-	0	07/05/2014	28/04/2019 – 27/04/2024	0.188	0.133	N/A	
Sub-total	<u>15,944,000</u>	<u>-</u>	<u>-</u>	<u>(15,944,000)</u>	<u>-</u>	<u>0</u>						
Total	<u>267,472,000</u>	<u>-</u>	<u>-</u>	<u>(15,944,000)</u>	<u>-</u>	<u>251,528,000</u>						

Notes:

- (i) All share options granted are subject to a vesting period and becoming exercisable in whole or in part in the following manner:

From the date of grant of share options	Exercisable percentage
Within 36 months	Nil
37th–48th months	30%
49th–60th months	60%
61st–120th months	100%

- (ii) The price of the Shares disclosed as immediately preceding the date of grant of the share options is the Stock Exchange's closing price on the trading day immediately prior to the date of the grant of the share options.
- (iii) The weight average closing price of the Shares immediately before the date on which the options are exercised.

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 SCHC and SCF. Mr. Ng, personally and through controlled corporations, has shareholding interest in each of the Company, SCHC and SCF, of which certain corporate interests in SCHC is held by Mr. Ng jointly with Mr. Gorges, an Executive Director of the Company (who is also an executive director of SCHC and SCF) and Ms. Cheung, an Executive Director of the Company (who is also an executive director of SCHC and SCF).

Mr. Paul Ng, an Executive Director of the Company with certain shareholding interest in the Company, is also an executive director of SCF with certain shareholding interest in SCF and also has certain shareholding interest in SCHC. Mr. Peter Ng, who had resigned as Executive Director of the Company with effect from 23 October 2015, with certain shareholding interest in the Company, is also an executive director of SCHC with certain shareholding interest in SCHC and SCF. Mr. Law, an Executive Director of the Company with certain shareholding interest in the Company, is also an executive director of SCHC with certain shareholding interest in the SCHC.

Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng"), a Non-executive Director of the Company, is also a non-executive director of SCHC with certain shareholding interest in SCHC and SCF.

Dr. Leung Tony Ka Tung ("Dr. Leung"), an Independent Non-executive Director of the Company, is also an independent non-executive director of SCHC.

Following the completion of the sale and purchase agreement between Wealth Anchor Holdings Limited, a direct wholly-owned subsidiary of the Company, and SCF on 30 September 2015, the principal activities of the Company and its subsidiaries are property investment and development in the People's Republic of China and provision of investment advisory and asset management services.

Since certain subsidiaries of SCHC and SCF are principally engaged in property investment or development business and provision of investment advisory or asset management services, each of Mr. Ng, Mr. Gorges, Ms. Cheung, Mr. Paul Ng, Mr. Peter Ng, Mr. Law, Ms. Jessica Ng and Dr. Leung 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 SCHC and SCF and there is no direct competition amongst the said listed groups during the nine months ended 30 September 2015.

Save as disclosed above, as at 30 September 2015, 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 LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the nine months ended 30 September 2015.

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 Independent Non-executive Directors, namely Ms. Chan Mei Bo Mabel (Chairman of the Committee) and Ms. Pong Scarlett Oi Lan, J.P. and a Non-executive Director, namely Ms. Jessica Ng.

The Group's quarterly report for the nine months ended 30 September 2015 has been reviewed by the Audit Committee.

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

Hong Kong, 10 November 2015

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 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 and Ms. Chan Mei Bo Mabel as independent non-executive directors.