



SOUTH CHINA ASSETS HOLDINGS LIMITED

南華資產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08155)

**THIRD QUARTERLY REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 Assets Holdings 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 2021 together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	2	8,285	703	24,302	3,752
Cost of sales		(4,379)	(579)	(12,270)	(1,914)
Other operating income	3	12	173	60	342
Selling and distribution costs		(359)	–	(472)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss		(1,161)	1,935	(5,030)	(3,385)
Gain on disposal of financial assets		982	58,686	1,184	61,646
Administrative and other operating expenses		(2,185)	(1,726)	(5,192)	(7,379)
Operating profit		1,195	59,192	2,582	53,062
Finance costs		(1,436)	(2,894)	(4,432)	(9,178)
(Loss)/profit before income tax		(241)	56,298	(1,850)	43,884
Income tax expense	5	–	–	–	–
(Loss)/profit for the period		(241)	56,298	(1,850)	43,884
(Loss)/profit attributable to:					
Equity holders of the Company		(122)	56,404	(1,733)	44,124
Non-controlling interests		(119)	(106)	(117)	(240)
		(241)	56,298	(1,850)	43,884
(Loss)/earnings per share					
Basic and diluted	7	HK(0.01) cent	HK0.51 cent	HK(0.02) cent	HK0.40 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period	(241)	56,298	(1,850)	43,884
Other comprehensive income, that will not be reclassified subsequently to profit or loss				
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	(2,386)	39,215	(7,886)	28,619
Other comprehensive income, that may be reclassified subsequently to profit or loss				
Exchange differences on translation of financial statements of overseas subsidiaries	16	6,816	1,091	3,181
Other comprehensive (loss)/income for the period	(2,370)	46,031	(6,795)	31,800
Total comprehensive (loss)/income for the period	(2,611)	102,329	(8,645)	75,684
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(2,492)	102,435	(8,528)	75,924
Non-controlling interests	(119)	(106)	(117)	(240)
	(2,611)	102,329	(8,645)	75,684

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Share capital HK\$'000	Treasury shares HK\$'000	Capital reserve HK\$'000	Financial assets revaluation reserve HK\$'000	Employee compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Non- Controlling Interests HK\$'000	Total equity HK\$'000
At 31 December 2019 and 1 January 2020 (audited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(142,933)</u>	<u>23,848</u>	<u>(3,655)</u>	<u>61,461</u>	<u>-</u>	<u>36,359</u>
Transfer between reserves									
Release of reserve upon disposal of financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,839</u>	<u>-</u>	<u>-</u>	<u>(100,839)</u>	<u>-</u>	<u>-</u>
Comprehensive income									
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,124</u>	<u>(240)</u>	<u>43,884</u>
Other comprehensive income									
Changes in fair value of financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,619</u>
Exchange realignment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,181</u>	<u>-</u>	<u>-</u>	<u>3,181</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,619</u>	<u>-</u>	<u>3,181</u>	<u>44,124</u>	<u>(240)</u>	<u>75,684</u>
Non-controlling interest in a subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>
At 30 September 2020 (unaudited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(13,475)</u>	<u>23,848</u>	<u>(474)</u>	<u>4,746</u>	<u>1,360</u>	<u>113,643</u>
	Share capital HK\$'000	Treasury shares HK\$'000	Capital reserve HK\$'000	Financial assets revaluation reserve HK\$'000	Employee compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Non- Controlling Interests HK\$'000	Total equity HK\$'000
At 31 December 2020 and 1 January 2021 (audited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(7,967)</u>	<u>23,848</u>	<u>4,762</u>	<u>(7,716)</u>	<u>995</u>	<u>111,560</u>
Transfer between reserves									
Release of reserve upon disposal of financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,290</u>	<u>-</u>	<u>-</u>	<u>(2,290)</u>	<u>-</u>	<u>-</u>
Comprehensive income									
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,733)</u>	<u>(117)</u>	<u>(1,850)</u>
Other comprehensive income									
Changes in fair value of financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,886)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,886)</u>
Exchange realignment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,091</u>	<u>-</u>	<u>-</u>	<u>1,091</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,886)</u>	<u>-</u>	<u>1,091</u>	<u>(1,733)</u>	<u>(117)</u>	<u>(8,645)</u>
At 30 September 2021 (unaudited)	<u>111,785</u>	<u>(20,191)</u>	<u>6,044</u>	<u>(13,563)</u>	<u>23,848</u>	<u>5,853</u>	<u>(11,739)</u>	<u>878</u>	<u>102,915</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 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 GEM of the Stock Exchange (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 2020 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the annual period beginning on 1 January 2021, as disclosed in the annual financial statements for the year ended 31 December 2020.

In the current quarterly period, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	Interest rate benchmark reform — phase 2

The directors do not expect that the amendments listed above will have a material impact on the Group’s condensed consolidated financial statements upon application.

2. REVENUE

Revenue derived from the Group’s principal activities recognised during the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers				
— Rendering of project management services	8,062	—	22,076	—
— Rendering of investment advisory services	3	—	9	—
— Rendering of insurance brokerage services	3	—	3	—
— Sale of face masks and related products	32	333	1,528	2,272
	<u>8,100</u>	<u>333</u>	<u>23,616</u>	<u>2,272</u>
Revenue from other sources				
— Interest income from loans receivable	185	370	686	1,480
	<u>185</u>	<u>370</u>	<u>686</u>	<u>1,480</u>
	<u><u>8,285</u></u>	<u><u>703</u></u>	<u><u>24,302</u></u>	<u><u>3,752</u></u>

3. OTHER OPERATING INCOME

During the three months and nine months ended 30 September 2021, other operating income mainly represents government subsidy and bank interest income.

During the three months and nine months ended 30 September 2020, other operating income mainly represents government subsidy and bank interest income.

4. SEGMENT INFORMATION

The Group has identified its operating segments based on the regular internal financial information reported to the Group's management for their decisions about resources allocation and review of performance.

The Group has identified three reportable segments as follows:

- (a) the property development segment which is engaged in property development and project management business;
- (b) the financial services segment which is engaged in provision of investment advisory and asset management services, insurance brokerage services and money lending business; and
- (c) the face mask segment which is engaged in sales of face masks and related products.

These segments are monitored and strategic decisions are made on the basis of adjusted segment operating result.

The following tables present revenue and loss for the Group's operating segments for the nine months ended 30 September 2021 and 30 September 2020:

For the nine months ended 30 September 2021

	Property Development HK\$'000 (Unaudited)	Financial Services HK\$'000 (Unaudited)	Face mask HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:				
Revenue from external customers	<u>22,076</u>	<u>698</u>	<u>1,528</u>	<u>24,302</u>
Segment results	<u>9,691</u>	<u>(62)</u>	<u>(293)</u>	9,336
Unallocated corporate income				52
Unallocated corporate expenses				(3,137)
Fair value loss on financial assets at fair value through profit or loss				(5,030)
Gain on disposal of financial assets				1,184
Unallocated finance costs				<u>(4,255)</u>
Loss before income tax				(1,850)
Income tax expense				<u>-</u>
Loss for the period				<u>(1,850)</u>

For the nine months ended 30 September 2020

	Property Development <i>HK\$'000</i> (Unaudited)	Financial Services <i>HK\$'000</i> (Unaudited)	Face mask <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue:				
Revenue from external customers	–	1,480	2,272	3,752
Segment results	<u>(536)</u>	<u>(168)</u>	<u>(600)</u>	(1,304)
Unallocated corporate income				330
Unallocated corporate expenses				(4,602)
Fair value loss on financial assets at fair value through profit or loss				(3,385)
Gain on disposal of financial assets				61,646
Unallocated finance costs				<u>(8,801)</u>
Profit before income tax				43,884
Income tax expense				<u>–</u>
Profit for the period				<u>43,884</u>

The Group's revenue by geographical areas are presented as followings:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue by geographical area				
Hong Kong	703	703	2,706	3,752
PRC	7,582	–	21,596	–
	<u>8,285</u>	<u>703</u>	<u>24,302</u>	<u>3,752</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as the Group had no estimated assessable profits arising in or derived from Hong Kong during the period ended 30 September 2021 and 2020.

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax ("EIT") at the standard rate of 25% on the estimated assessable profits. No provision for EIT has been made as the subsidiaries operated in the PRC had no assessable profits for the period ended 30 September 2021 and 2020.

6. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

7. (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 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Unaudited (loss)/profit attributable to the equity holders of the Company used in the basic (loss)/earnings per share calculation	<u>(122)</u>	<u>56,404</u>	<u>(1,733)</u>	<u>44,124</u>
	Three months ended 30 September		Nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (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	(169,163,118)	(169,163,118)	(169,163,118)	(169,163,118)
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	<u>11,009,335,226</u>	<u>11,009,335,226</u>	<u>11,009,335,226</u>	<u>11,009,335,226</u>

Diluted (loss)/earnings per share for the nine months ended 30 September 2021 and 30 September 2020 were the same as the basic (loss)/earnings per share. The Company's share options have no dilution effect for the three months and nine months ended 30 September 2021 and 30 September 2020 because the exercise prices of the Company's share options were higher than the average market prices of the shares for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months period ended 30 September 2021 (the “Period”), the Group recorded revenue of approximately HK\$24.3 million, representing an increase of approximately 6.4 times comparing with that of approximately HK\$3.8 million in 2020. Such increase in revenue was mainly due to the property project management services in property development.

There was a loss attributable to the equity holders of the Company for the Period of approximately HK\$1.7 million (nine months ended 30 September 2020: profit of HK\$44.1 million). The turnaround of loss attributable to the equity holders of the Company was mainly due to one-off gain resulted from disposal of financial assets in 2020. As to the underlying operating results of the Group, after excluding non-operating items (being gain/loss arising from fair value on and disposal of financial assets), an operating profit of HK\$6.4 million was recorded for the Period (an operating loss of HK\$5.2 million in 2020) attributable to (i) the increase in operating profit from property project management services in property development and (ii) effective in cost control.

As at 30 September 2021, the net asset position of the Group amounted to approximately HK\$102.9 million (31 December 2020: HK\$111.6 million).

BUSINESS REVIEW

The Group’s main businesses are: (i) property development (including property management services); (ii) provision of financial services in Hong Kong (subsidiaries of the Company are licensed to carry out types 1, 2, 4, 9 regulated activities under the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong, and to provide money lending services under Money Lenders Ordinance, Cap. 163 of the Laws of Hong Kong); and (iii) the manufacturing and sale of face masks and related products.

The review of the principal business segments of the Group during the Period is as follows:

(a) Property development

During the Period, revenue attributed to the property development business was approximately HK\$22.1 million which was derived from the provision of project management services for property projects.

The following table shows the Group’s property development projects as at 30 September 2021:

Project	Location	Type	Status as of 30 September 2021	Total gross floor area (Note)
Phase 2 of Zhongjie Project	Cangzhou Zhongjie Industrial Park District	Residential property	The pre-sale certificate has been obtained in December 2020 and the first complex is expected to be completed in the first half of 2022	Approximately 10,000 square meters
Huanghua Project	Huanghua New City	Commercial property	The construction works are expected to be commenced in the first half of 2022	Approximately 100,000 square meters
Xiazhezhuang Project	Wuqing Xiazhezhuang Street	Industrial property	Under-planning	Approximately 50,000 square meters

Note: Total gross floor area is calculated based on the Group’s development plans, which may be subject to change.

No revenue from sale of property was recognized.

BUSINESS REVIEW (Continued)

(b) Financial services

This segment covers a wide range of financial services including but not limited to investment advisory services, insurance brokerage, money lending and asset management. During the Period, the Group had revenue of approximately HK\$698,000 (nine months ended 30 September 2020: approximately HK\$1.5 million) in this segment.

The Group carries out money lending business covering personal loans, tax loans, small business loans, specialised lending loans and debt consolidation loans. During the Period, the Group had revenue of approximately HK\$686,000 (nine months ended 30 September 2020: approximately HK\$1.5 million) in this business and the gross loan portfolio of the money lending business amounted to HK\$12.7 million as at 30 September 2021. The Group on the one hand adopted a more prudent approach under the unstable market sentiment attributable to COVID-19 by tightening its credit approval of new loan and loan refinancing applications, but on the other hand it strengthened its debt collection functions for minimizing credit risk.

The Board considered that the key risk exposures of the Group's businesses under this segment are market risk and credit risk. In addition, the Group did not take trade positions to minimize its exposure to price risk and foreign exchange risk.

(c) Manufacturing and sale of face masks and related products

The Group commenced its business in manufacturing and sale of face masks in 2020. During the Period, revenue from this segment amounted to approximately HK\$1.5 million with a segment loss of approximately HK\$293,000.

INVESTMENT PORTFOLIO

The Group's investment portfolio consists of ordinary shares and redeemable convertible preference shares ("RCPSs") of South China Holdings Company Limited ("SCHC"), which are presented under financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively.

Stock code	Name of security	Carrying value as at 30 September 2021 <i>HK\$'000</i>	Fair value gain (loss) during the Period <i>HK\$'000</i>
00413	SCHC		
	– Ordinary shares	30,295	(16,075)
	– RCPSs	70,344	3,159
		<u>100,639</u>	<u>(12,916)</u>

The Group considers this as a strategic investment and will review its investment strategy regularly in response to the changes in market situation.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisition or disposal during the nine months ended 30 September 2021.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE OR ANY RELATED HEDGES

During the Period, the Group had no significant exposure to fluctuations in foreign exchange rate or any related hedges.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no pledge of assets and contingent liabilities.

PROSPECTS

The Board believes it is the best interest of the Group to continue consolidating its existing financial services and expanding the scope of property development businesses by providing property project management services.

(a) Property development business

Zhongjie Project

The construction works of the first complex started in November 2020 subsequent to issuance of construction works commencement permit by the local authority in October 2020, and the main construction works are expected to be completed in the first half of 2022. Pre-sale of the residential premises of the first complex has been taken place since December 2020 and approximately 40% has been sold.

Huanghua Project

The planning works of phase 1 have started since October 2020 and the construction works are expected to be commenced in the first half of 2022 subject to all necessary approvals by the governing authorities.

Xiazhuzhuang Project

The project has two development phases which consists of industrial complexes and ancillary offices. The planning work of phase one is under progress and subject to negotiation with local government.

PROSPECTS (Continued)

(a) Property development business (Continued)

Property Project Management

The Group has been engaged in providing management services to two property development projects, and has recently secured a number of new contracts in various short-term projects. The Group will continuously strive to source and conclude new contracts (both long-term and short-term) for widening its operation scale and in turn driving up higher revenue and operating profits.

(b) Financial services business

Given consumers placed more weight on long-term investment products which would generate steady return for further safeguarding their retirement apart from mandatory provident fund schemes, the Group has focused its resources in sourcing, identifying and confirming experienced personnel in such common wealth management products as funds, bonds and insurance for building up respective professional teams for achieving business targets in wealth management business.

An earmark of provision of wealth management services, the Group has entered into a contract in respect of co-brokerage business with an international insurance brokerage company. Notwithstanding the discontinued discussions with a prospective client in respect of the engagement in regulated activities under the Securities and Futures Ordinance, the Group is actively sourcing any other clients or business partners to widen the operation scope in regulated activities.

In addition to wealth management business, the Group will keep planning and carrying out different strategies to strive its internet securities brokerage business in the competitive market.

(c) Face mask business

Lower revenue and profit are mainly attributable to price-competition in the market and price-control measures adopted by some governments in Europe. Given the surge of Delta variant, it is expected that the demand for face mask would sustain for a period, and the Group will keep closely monitoring the market for taking appropriate reactions for improving revenue and profitability in this segment.

Looking forward to year ending 31 December 2021, the global market will continue being shadowed by economic, political and public health risks, including the US-Sino trade war and the pandemic that will cast impact on every business sector of the world, which in turn will affect the global economic growth. Despite the foregoing challenges, the Board believes that business opportunities are always available. The Group will be cautious in capital allocation in its businesses and in any other business sector which is expected to bring positive impact on the Group's profitability and cash flow, and in turn would be beneficial to its shareholders.

UPDATE ON THE LISTING STATUS

Reference is made to the announcements of the Company dated 3 April 2020, 15 April 2020, 24 September 2020, 29 September 2020, 27 January 2021, 29 January 2021, 27 April 2021, 27 July 2021 and 27 October 2021.

On 27 January 2021, the Company received a letter from the GEM Listing Review Committee that they had decided to uphold the decision made by the GEM Listing Committee to suspend trading in the Company's shares (the "Shares") under GEM Listing Rule 9.04 on the ground that the Company had failed to comply with GEM Listing Rule 17.26. At the request of the Company, trading in the Shares has been suspended with effect on 28 January 2021 and will continue to be suspended until further notice.

On 28 January 2021, the Company received a letter from the Stock Exchange setting out the resumption guidance for the resumption of trading in the Shares to demonstrate that the Company is in compliance with GEM Listing Rule 17.26.

On 27 April 2021, 27 July 2021 and 27 October 2021, the Company provided updates on the development of the Group in respect of resumption of trading of the Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests and short positions of the directors of the Company (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")

Name of Director	Capacity	Personal interests	Number of Shares held			Total interests	Approximate percentage of total interests to total issued Shares (Note (c))
			Family interests	Corporate interests			
Mr. Ng Hung Sang (“Mr. Ng”)	Beneficial owner/ Interest of spouse/ Interest of controlled corporations	363,393,739	967,923,774	5,925,861,298 (Note (a))	7,257,178,811	64.92%	
Mr. Ng Yuk Yeung Paul (“Mr. Paul Ng”)	Beneficial owner	2,602,667	-	-	2,602,667	0.02%	

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Long positions in underlying Shares

Name of Director	Capacity	Number of underlying Shares	Approximate percentage of total interests to total issued Shares <i>(Note (c))</i>
Ms. Cheung Choi Ngor ("Ms. Cheung")	Beneficial owner	55,896,000 <i>(Note (b))</i>	0.50%
Mr. Paul Ng	Beneficial owner	83,840,000 <i>(Note (b))</i>	0.75%

Notes:

- (a) 5,925,861,298 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 Green Orient Investments Limited ("Green Orient"). Fung Shing, Parkfield and Ronastar were all directly wholly-owned by Mr. Ng. Mr. Ng holds Green Orient indirectly via South China Holdings Company Limited ("SCHC"). Bannock was a wholly-owned subsidiary of Eartrade which was directly owned as to 60% by Mr. Ng and 20% by Ms. Cheung. SCHC was owned as to approximately to 61.22% by Mr. Ng. As such, Mr. Ng was deemed to have interest in the 65,104,000 Shares held by Green Orient and the aggregate 2,238,789,644 Shares held by Bannock and Eartrade.
- (b) The respective underlying Shares held by Ms. Cheung and Mr. Paul 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"). For more details, please refer to the section headed "Share Option Scheme".
- (c) As at 30 September 2021, there were 11,178,498,344 Shares in issue.

Apart from the foregoing, none of the Directors or any of their spouses or children under eighteen years of age had interests or short positions in the Shares, underlying Shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, 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 pursuant to the required standard of dealings by Directors as referred to Rules 5.48 to 5.67 of the GEM Listing Rules, at 30 September 2021.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, so far as is known to the Directors, supervisors and chief executives of the Company, the persons (other than Directors, supervisors or chief executives of the Company) who have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follow:

Long positions in Shares

Name of Shareholder	Capacity	Beneficial interests	Number of Shares held			Total interests	Approximate percentage of total interests to total issued Shares (Note (c))
			Family interests	Corporate interests			
Earntrade Investments Limited ("Earntrade")	Beneficial owner/ Interest of controlled corporation	1,150,004,797	–	1,088,784,847 (Note (a))		2,238,789,644	20.03%
Fung Shing Group Limited	Beneficial owner	1,817,140,364	–	–		1,817,140,364	16.26%
Parkfield Holdings Limited	Beneficial owner	1,728,362,917	–	–		1,728,362,917	15.46%
Bannock Investment Limited ("Bannock")	Beneficial owner	1,088,784,847 (Note (a))	–	–		1,088,784,847	9.74%
Ms. Ng Lai King Pamela ("Ms. Ng")	Beneficial owner/ Interest of spouse	967,923,774	6,289,255,037 (Note (b))	–		7,257,178,811	64.92%

Notes:

- (a) Bannock is a wholly-owned subsidiary of Earntrade. Earntrade was deemed to have interest in the Shares held by Bannock.
- (b) Ms. Ng, who held 967,923,774 Shares directly, is 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 the 363,393,739 Shares and 5,925,861,298 Shares held by Mr. Ng directly and indirectly through controlled corporations, respectively, as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the above.
- (c) As at 30 September 2021, there were 11,178,498,344 Shares in issue.

Save as disclosed above, as at 30 September 2021 and so far as is known to the Directors, supervisors and chief executive of the Company, no other person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

EMPLOYEES' SHARE AWARD SCHEME

On 18 March 2011, the Company adopted the employees' share award scheme (the "Share Award Scheme") whereby the Company may grant share awards to selected employees in recognition of their contributions to the Group, and as incentive to retain them to support the operations and ongoing development of the Group and attract suitable personnel for the Group's further development. Pursuant to the terms and conditions of the Share Award Scheme, the Company shall settle a sum up to HK\$50 million for the purchase of shares in the Company and/or SCHC from the market. Such shares shall form part of the capital of the trust fund set up for the Share Award Scheme. The Board may, from time to time, select employees for participation in the Share Award Scheme and cause to be paid an amount to the trustee from the Company's resources for the purpose of purchase of shares as referred to in the above.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme in May 2012 for the purpose of providing incentives and rewards to eligible participants, who contribute to the success of the Group's operations, and retaining such participants for their continuing support to the Group. The share options granted under the Scheme are unlisted. Particulars and movements of the outstanding share options granted under the Share Option Scheme during the nine months ended 30 September 2021 were as follow:

Name or category of participant	Number of share options					Balance as at 30/09/2021	Date of grant of share options (DD/MM/YYYY)	Exercisable period of share options (Note i)	Price of shares		
	Balance as at 01/01/2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				Exercise price per share option HK\$	Immediately preceding the grant date of share option (Note ii) HK\$	Immediately preceding the exercise date of share option (Note iii) HK\$
Directors											
Ms. Cheung Choi Ngor	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. Ng Yuk Yeung Paul	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
Sub-total	139,736,000	-	-	-	-	139,736,000					
Others											
Mr. Ng Yuk Fung Peter	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	55,896,000	-	-	-	-	55,896,000					
Total	195,632,000	-	-	-	-	195,632,000					

SHARE OPTION SCHEME (Continued)

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' INTERESTS IN COMPETING BUSINESSES

The Company, South China Holdings Company Limited ("SCHC") and South China Financial Holdings Limited ("SCF"), all being listed on the Stock Exchange, have certain common directors. The principal activities of SCHC and SCF include property investment or development business, provision of investment advisory, asset management services and dealing in securities.

Mr. Ng and Ms. Cheung, both being Executive Directors of the Company, are also the executive directors of SCHC. Mr. Ng and Ms. Cheung are also the executive director of SCF. Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng"), an Executive Director of the Company, is also the non-executive director of SCHC and the executive director of SCF. Mr. Paul Ng, a Non-executive Director of the Company, is also an executive director of SCHC. Ms. Pong Scarlett Oi Lan, BBS, J.P., an Independent Non-executive Director of the Company, is also the independent non-executive director of SCHC.

Mr. Ng is the chairman of the board of directors and controlling shareholder of SCHC, is also the chairman of board of directors and substantial shareholder of SCF. Ms. Cheung is a substantial shareholder of a controlled corporation of which Mr. Ng together with his associates holds approximately 61.22% interests in SCHC and Mr. Ng holds approximately 29.36% interests in SCF.

Ms. Cheung holds certain shareholding interests in SCHC and SCF. Ms. Jessica Ng holds certain shareholding interests in SCHC. Mr. Paul Ng holds certain shareholding interests in SCHC and SCF.

The Group seeks to undertake property development projects in small to medium size as well as the property project management services which are expanded scope of property development and diversify into the financial services businesses while SCHC mainly focuses on the larger scale property investment and development projects.

The Group is in the course of diversifying into the financial services businesses while SCF undertakes a wide range of financial services businesses of sizable scale in operations and with solid client portfolio.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (Continued)

The abovementioned common directors declare their interests in competing business and abstain from voting in transactions in which the Company and SCHC or SCF compete or is likely to compete with each other and, therefore, do not control the board of each of the Company, SCHC and SCF as far as transaction in relation to competing business is concerned. As such, the Board is independent from the board of SCHC or SCF, and the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of SCHC or SCF. Given the difference in business focus as referred to in the preceding paragraph, the competition between the businesses of the Company and SCHC or SCF is considered to be relatively remote.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 17.50A(1) of the GEM Listing Rules, the changes to information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the Directors' terms of office for the period from the date of publication of the Company's latest interim report up to the date of this third quarterly report is as follows:

Mr. Richard Howard Gorges has resigned as an executive director of the Company with effect from 21 September 2021. Following his resignation, he ceased as a member of executive committee of the Board.

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 2021.

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 includes three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (Chairman of the Audit Committee), Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Yeung Chi Hang and a Non-executive Director, namely Mr. Ng Yuk Yeung Paul.

The Group's quarterly results for the nine months ended 30 September 2021 has not been audited, but has been reviewed by the Audit Committee, which was of the opinion that the preparation of such quarterly results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

By Order of the Board
South China Assets Holdings Limited
南華資產控股有限公司
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 9 November 2021

As at the date of this report, the directors of the Company are (1) Mr. Ng Hung Sang, Ms. Cbeung Choi Ngor and Ms. Ng Yuk Mui Jessica as executive directors; (2) Mr. Ng Yuk Yeung Paul as non-executive director; and (3) Mr. Cheng Hong Kei, Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Yeung Chi Hang as independent non-executive directors.