



# Interim Report 2010



Fortune Sun (China) Holdings Limited  
富陽(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 352

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chiang Chen Feng (*Chairman*)  
Ms. Chang Hsiu Hua  
Mr. Han Lin

#### Non-executive Director

Ms. Lin Chien Ju

#### Independent non-executive Directors

Mr. Ng Wai Hung  
Mr. Cui Shi Wei  
Dr. Cheng Chi Pang

### EXECUTIVE COMMITTEE

Mr. Chiang Chen Feng (*Chairman*)  
Ms. Chang Hsiu Hua  
Mr. Han Lin

### AUDIT COMMITTEE

Dr. Cheng Chi Pang (*Chairman*)  
Mr. Ng Wai Hung  
Mr. Cui Shi Wei

### REMUNERATION COMMITTEE

Mr. Cui Shi Wei (*Chairman*)  
Mr. Ng Wai Hung  
Dr. Cheng Chi Pang

### NOMINATION COMMITTEE

Mr. Chiang Chen Feng (*Chairman*)  
Dr. Cheng Chi Pang  
Mr. Ng Wai Hung

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KYI-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Units 05-10  
Level 21  
China Insurance Building  
No. 166 Lujiazui Road East  
Pudong New District  
Shanghai 200120  
The PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1511, 15th Floor  
Tower One, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## **CORPORATE INFORMATION** *(Continued)*

### **CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
George Town  
Grand Cayman  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
26/F Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### **COMPANY SECRETARY**

Mr. Leung Ka Lok *FCCA, CPA, MBA*

### **COMPLIANCE OFFICER**

Ms. Chang Hsiu Hua

### **AUDITOR**

RSM Nelson Wheeler  
Certified Public Accountants

### **HONG KONG LEGAL ADVISERS**

Chiu & Partners

### **PRINCIPAL BANKERS**

Standard Chartered Bank  
(Hong Kong) Ltd.  
China Minsheng Banking  
Corporation Ltd.

### **WEBSITE ADDRESS**

[www.fortune-sun.com](http://www.fortune-sun.com)



## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010 together with the comparative figures in 2009 as follows:

		<b>Six months ended 30 June</b>	
	Note	<b>2010 RMB'000 (Unaudited)</b>	2009 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>16,530</b>	12,029
Business tax and other levies		<b>(926)</b>	(593)
Cost of services rendered		<b>(17,410)</b>	(17,582)
<b>Gross loss</b>		<b>(1,806)</b>	(6,146)
Other income		<b>6,962</b>	284
Operating and administrative expenses		<b>(8,481)</b>	(10,330)
<b>Loss before tax</b>		<b>(3,325)</b>	(16,192)
Income tax credit/(expense)	4	<b>1,194</b>	(1,525)
Loss for the period	5	<b>(2,131)</b>	(17,717)
<b>Attributable to:</b>			
Owners of the Company		<b>(2,623)</b>	(17,717)
Non-controlling interests		<b>492</b>	-
		<b>(2,131)</b>	(17,717)
<b>Loss per share</b>	7	<b>RMB cents</b>	RMB cents
Basic		<b>1.3</b>	8.8
Diluted		<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Six months ended 30 June	
		2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
<b>Loss for the period</b>		<b>(2,131)</b>	(17,717)
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		(90)	(7)
<b>Other comprehensive income for the period, net of tax</b>		<b>(90)</b>	(7)
<b>Total comprehensive income for the period</b>		<b>(2,221)</b>	(17,724)
<b>Attributable to:</b>			
Owners of the Company		(2,713)	(17,724)
Non-controlling interests		492	-
		<b>(2,221)</b>	(17,724)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	2,989	2,337
Investment properties	9	1,563	1,984
Prepaid land lease payments of investment properties	10	1,523	2,011
Deposits for investment properties and prepaid land lease payments		140	-
Golf club membership		291	291
		<b>6,506</b>	6,623
<b>Current assets</b>			
Trade receivables	12	42,277	48,499
Trade deposits	13	31,027	34,968
Prepayments and other deposits		4,134	4,116
Other receivables	14	16,797	26,852
Tax recoverable		344	-
Bank and cash balances		26,544	8,975
		<b>121,123</b>	123,410
<b>Current liabilities</b>			
Accruals and other payables	15	26,058	25,198
		<b>95,065</b>	98,212
<b>Net current assets</b>			
		<b>101,571</b>	104,835
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	9,078	10,272
		<b>92,493</b>	94,563
<b>NET ASSETS</b>			
<b>Capital and reserves</b>			
Share capital	16	20,644	20,644
Reserves		71,357	73,919
Equity attributable to owners of the Company		92,001	94,563
Non-controlling interests		492	-
<b>TOTAL EQUITY</b>		<b>92,493</b>	94,563

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited									
	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Reserve fund RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2009	20,644	40,433	14,554	16,621	3,625	(2,083)	11,757	105,551	-	105,551
Total comprehensive income for the period	-	-	-	-	-	(7)	(17,717)	(17,724)	-	(17,724)
Share-based payments	-	-	-	-	643	-	-	643	-	643
Changes in equity for the period	-	-	-	-	643	(7)	(17,717)	(17,081)	-	(17,081)
At 30 June 2009	20,644	40,433	14,554	16,621	4,268	(2,090)	(5,960)	88,470	-	88,470
At 1 January 2010	20,644	40,433	14,554	16,621	4,440	(2,107)	(22)	94,563	-	94,563
Total comprehensive income for the period	-	-	-	-	-	(90)	(2,623)	(2,713)	492	(2,221)
Share-based payments	-	-	-	-	151	-	-	151	-	151
Changes in equity for the period	-	-	-	-	151	(90)	(2,623)	(2,562)	492	(2,070)
At 30 June 2010	20,644	40,433	14,554	16,621	4,591	(2,197)	(2,645)	92,001	492	92,493



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>17,346</b>	(8,721)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>313</b>	2,055
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>-</b>	-
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(90)</b>	(7)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,569</b>	(6,673)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>8,975</b>	19,289
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>26,544</b>	12,616
Bank and cash balances	<b>26,544</b>	12,616

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2009 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009 except as stated below.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### Consolidation

HKAS 27 (Revised) "Consolidated and Separate Financial Statements" contains the following requirements:

- Total comprehensive income is attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance. The previous HKAS 27 requires excess losses to be allocated to the owners of the Company, except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.
- Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the Company. The previous HKAS 27 does not have specific requirements for such transactions.
- When the disposal of a subsidiary results in a loss of control, the consideration of the sale and any investment retained in that subsidiary are required to be measured at their fair values. The previous HKAS 27 does not have specific requirements for such fair value measurements.

The above requirements of HKAS 27 (Revised) has been applied prospectively from 1 January 2010 and did not have any impact on the financial position or performance of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing property consultancy and agency services for the primary property market in the PRC, which is the reportable segment of the Group. Revenue during the period under review represents income from the following services:

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Comprehensive property consultancy and sales agency service projects	<b>15,956</b>	11,818
Pure property consultancy service projects	<b>574</b>	211
	<b>16,530</b>	12,029

The Group has carried on a single business in a single geographical segment, which is the provision of agency services for the sale of properties and property consultancy services in the PRC, and all the assets are substantially located in the PRC. Therefore, no operating segment information has been presented.

The accounting policies of the operating segment are same as those described in the Group's financial statements for the year ended 31 December 2009.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) represents:

	Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Deferred tax (note 11)	1,194	(1,525)

No provision for Hong Kong Profits Tax is required since the Group had no assessable profit in Hong Kong during the period (six months ended 30 June 2009: RMB Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

PRC subsidiaries are subject to the PRC Enterprise Income Tax ("EIT") at 25% on assessable profits except for Shanghai Fu Yang Property Consultant Co., Ltd. ("Shanghai Fortune Sun") and Cornerstone Investment Management & Consultant Co., Ltd. ("Cornerstone") which the directors are confident that the Grandfathering Relief Ruling is also applicable to Shanghai Fortune Sun and Cornerstone. Therefore, Shanghai Fortune Sun and Cornerstone are subject to 22% (six months ended 30 June 2009: 20%) EIT for the six months ended 30 June 2010. No EIT is required since Shanghai Fortune Sun and Cornerstone have no assessable profit during the period under review (six months ended 30 June 2009: RMB Nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after crediting and charging the following:

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Crediting:		
Interest income	49	54
Exchange gain, net	89	-
Gain on disposals of investment properties and prepaid land lease payments of investment properties	532	230
Charging:		
Amortisation of prepaid land lease payments of investment properties	20	33
Auditor's remuneration	169	193
Depreciation of property, plant and equipment	296	206
Depreciation of investment properties	20	26
Exchange loss, net	-	7
Loss on disposals of property, plant and equipment	-	4
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	4,438	4,282
– Retirement benefits scheme contributions	924	793
– Equity-settled share-based payments	151	643
Other operating lease charges on land and buildings	2,305	2,837
Written off of other receivables	-	893
Allowance for/(reversal of) impairment		
– Trade receivables	(3,136)	1,249
– Trade deposits	98	(105)
– Other receivables	(1,345)	-

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### **6. DIVIDEND**

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2009: RMB Nil).

### **7. LOSS PER SHARE**

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the period attributable to the owners of the Company of approximately RMB2,623,000 (six months ended 30 June 2009: loss of RMB17,717,000) and the weighted average number of ordinary shares of 200,470,000 (six months ended 30 June 2009: 200,470,000) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the period ended 30 June 2010 (six months ended 30 June 2009: RMB Nil).

### **8. PROPERTY, PLANT AND EQUIPMENT**

During the period under review, the Group acquired property, plant and equipment amounting to RMB948,000 (six months ended 30 June 2009: RMB Nil) and disposed of property, plant and equipment with net book value of RMB Nil (six months ended 30 June 2009: RMB4,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9. INVESTMENT PROPERTIES

	RMB'000
<b>At 31 December 2009 (Audited)</b>	
Cost	2,058
Accumulated depreciation	(74)
Net book amount	1,984
<b>For the period (Unaudited)</b>	
Opening net book amount	1,984
Disposals	(401)
Depreciation	(20)
Closing net book amount	1,563
<b>At 30 June 2010 (Unaudited)</b>	
Cost	1,627
Accumulated depreciation	(64)
Net book amount	1,563

All investment properties are located in the PRC. During the period, the Group disposed of three (six months ended 30 June 2009: two) of its investment properties with a carrying value of RMB869,000 (six months ended 30 June 2009: RMB1,919,000) including the corresponding prepaid land lease payments portion of investment properties (note 10) at a consideration of RMB1,401,000 (six months ended 30 June 2009: RMB2,149,000) resulting in a gain of RMB532,000 (six months ended 30 June 2009: gain of RMB230,000) on disposal.

The Board is of the opinion that, had investment properties been carried at their fair values, the amounts, together with the prepaid land lease payments portion of investment properties, would not be less than the stated carrying amount as at 30 June 2010. The Board intends to hold those properties to earn rentals and/or for capital appreciation.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 10. PREPAID LAND LEASE PAYMENTS OF INVESTMENT PROPERTIES

	Leases less than 50 years RMB'000	Leases over 50 years RMB'000	Total RMB'000
<b>At 31 December 2009 (Audited)</b>			
Cost	604	1,474	2,078
Accumulated amortisation	(2)	(65)	(67)
Net book amount	602	1,409	2,011
<b>For the period (Unaudited)</b>			
Opening net book amount	602	1,409	2,011
Disposals	-	(468)	(468)
Amortisation	(7)	(13)	(20)
Closing net book amount	595	928	1,523
<b>At 30 June 2010 (Unaudited)</b>			
Cost	604	976	1,580
Accumulated amortisation	(9)	(48)	(57)
Net book amount	595	928	1,523

All prepaid land lease payments related to investment properties (note 9) located in the PRC.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities of the Group during the period under review are as follows:

### (a) Deferred tax assets

	<b>30 June 2010 RMB'000 (Unaudited)</b>	<b>Uninvoiced expenses</b> 31 December 2009 RMB'000 (Audited)
At beginning of the period/year	<b>355</b>	90
(Charge)/credit to income statement for the period/year (note 4)		
– (reversal)/origination of temporary differences	<b>(164)</b>	233
– changes in tax rates	<b>–</b>	32
	<b>(164)</b>	265
At end of the period/year	<b>191</b>	355



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

#### (b) Deferred tax liabilities

	<b>Uninvoiced revenue</b>	
	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
At beginning of the period/year	<b>(10,627)</b>	(4,758)
Credit/(charge) to the income statement during the period/year (note 4)		
– Reversal/(origination) of temporary differences	<b>2,131</b>	(4,738)
– Changes in tax rates	<b>(773)</b>	(1,131)
	<b>1,358</b>	(5,869)
At end of the period/year	<b>(9,269)</b>	(10,627)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

- (c) The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Deferred tax liabilities	<b>9,269</b>	10,627
Deferred tax assets	<b>(191)</b>	(355)
At end of the period/year	<b>9,078</b>	10,272

Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 24% (31 December 2009: 22%).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current liabilities and when the deferred income taxes relate to the same fiscal authority.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 12. TRADE RECEIVABLES

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade receivables	45,862	55,220
Less: Allowance for impairment	(3,585)	(6,721)
	<b>42,277</b>	48,499

Impairment loss of trade receivables is made after the directors have considered the timing and probability of the collection.

The credit period granted to trade customers is generally ranging from 1 month to 3 months. The ageing analysis of the Group's trade receivables, based on the billing summary, and net of allowance is as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within 90 days	8,745	14,953
Between 91 to 180 days	1,686	13,555
Between 181 to 365 days	14,288	1,102
Between 1 to 2 years	1,033	6,455
Over 2 years	16,525	12,434
	<b>42,277</b>	48,499

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. TRADE DEPOSITS

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Trade deposits	<b>37,386</b>	41,229
Less: Allowance for impairment	<b>(6,359)</b>	(6,261)
	<b>31,027</b>	34,968

Trade deposits represent the amounts paid for comprehensive property consultancy and sales agency service contracts, which are usually refunded to the Group in stages according to various contract terms when the sales volumes specified in the contracts are met.

Impairment loss of trade deposits is made after the directors have considered the timing of the collection.

No credit period is granted to the customers. These trade deposits are refundable when the prescribed terms in the underlying agency contracts are achieved. Based on the payment date, ageing analysis of Group's trade deposits (net of allowance for impairment) is as follows:

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Within 90 days	<b>166</b>	454
Between 91 to 180 days	<b>250</b>	848
Between 181 to 365 days	<b>817</b>	339
Between 1 to 2 years	-	18,108
Between 2 to 3 years	<b>18,426</b>	11,789
Over 3 years	<b>11,368</b>	3,430
	<b>31,027</b>	34,968

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14. OTHER RECEIVABLES

Included in other receivables is the receivable from the Current Investment Partner (as defined below) of RMB11,500,000 (31 December 2009: RMB19,192,000) (note 20).

### 15. ACCRUALS AND OTHER PAYABLES

Included in accruals and other payables are the payable to the Plaintiffs (as defined below) of RMB11,500,000 (31 December 2009: RMB19,192,000) (note 20).

### 16. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value	
		HK\$'000	RMB'000
<b>Authorised</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2009 (audited) and 30 June 2010 (unaudited)			
	2,000,000	200,000	206,000
<b>Issued and fully paid</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2009 (audited) and 30 June 2010 (unaudited)			
	200,470	20,047	20,644

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 17. OPERATING LEASE COMMITMENTS

The Group had total future aggregate minimum lease payments under non-cancellable operating leases for office buildings as follows:

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Within one year	<b>2,376</b>	2,607
In the second to fifth years inclusive	<b>3,517</b>	67
	<b>5,893</b>	2,674

### 18. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	<b>Six months ended 30 June</b>	
	<b>2010 RMB'000 (Unaudited)</b>	2009 RMB'000 (Unaudited)
Fees	<b>283</b>	285
Basic salaries and other allowances	<b>1,054</b>	891
Retirement benefits scheme contributions	<b>27</b>	24
Equity-settled share-based payments	<b>76</b>	345
Total compensation paid to key management personnel	<b>1,440</b>	1,545



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2010.

### 20. SETTLEMENT OF LITIGATIONS

In relation to the litigations (the "Litigations") disclosed in the announcements of the Company dated 20 April 2009, 29 May 2009, 23 September 2009 and 24 February 2010, they were finally settled on 20 February 2010 as Shanghai Fortune Sun and two individual customers (the "Plaintiffs") for the purchase of 5 property units from a real estate project in Shanghai (the "Subject Project") entered into a settlement agreement (the "Settlement Agreement"). Pursuant to the Settlement Agreement, Shanghai Fortune Sun had agreed to pay to the Plaintiffs an aggregate sum of RMB20 million (the "Settlement Amount") in full settlement of the Litigations. The Settlement Amount comprises (1) approximately RMB15,616,000, being the aggregate amount of prepayments made by the Plaintiffs for the purchase of 5 property units from the Subject Project; and (2) approximately RMB4,384,000, being default interests in respect of the breaches by Shanghai Fortune Sun of the agency agreements for the purchase of certain properties under the Subject Property and the costs of the Litigations.

Pursuant to the Settlement Agreement, a sum of RMB808,000, being the approximate bank balance up to 3 November 2009 in a bank account of Shanghai Fortune Sun as frozen by the court in Shanghai, was debited for payment of part of the Settlement Amount, and the balance of the Settlement Amount (being RMB19,192,000) shall be paid by Shanghai Fortune Sun to the Plaintiffs in monthly installments as to (i) RMB892,000, payable before 25 February 2010; (ii) RMB1,700,000 per month, payable before the 25th day of each calendar month for the period from March 2010 to December 2010; and (iii) RMB1,300,000, payable before 25 January 2011.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 20. SETTLEMENT OF LITIGATIONS *(Continued)*

Pursuant to the letter of commitment issued by Shanghai Zhilian Enterprise Development Company Limited (上海智連企業發展有限公司) (“Shanghai Zhilian”), a wholly-owned subsidiary of Shanghai Ke Shang Property Consultant Company Limited (上海可上房產諮詢有限公司) (the “Current Investment Partner”) and an independent third party of the Group, to Shanghai Pudong New District People’s Court dated 20 February 2010, Shanghai Zhilian has unconditionally agreed to guarantee the repayment obligations of Shanghai Fortune Sun for the Settlement Amount. In addition, Shanghai Zhilian has also provided two residential units and the corresponding parking lots from the Subject Project (which are free from encumbrances and tenancy) to the court as security for the undertaking.

In the six-month period ended 30 June 2010, Shanghai Fortune Sun had received RMB7,692,000 from Shanghai Zhilian for discharging the repayment obligations of Shanghai Fortune Sun for the Settlement Amount which had been guaranteed by Shanghai Zhilian and such amount was paid to the Plaintiffs in full accordingly. As a result, the payables to the Plaintiffs as of 30 June 2010 was reduced to RMB11,500,000 from RMB19,192,000 as of 31 December 2009 while a corresponding receivable from Shanghai Zhilian, amounted to RMB11,500,000 as of 30 June 2010, was recorded.

### 21. APPROVAL OF INTERIM FINANCIAL REPORT

This interim financial report was approved and authorised for issue by the Board on 27 August 2010.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

With a series of measures promulgated by the State Council of the PRC government, followed with other detailed measures from other government bureau in the first half of 2010, the Central Government of the PRC had delivered a strong signal to the market that the PRC government will proactively act to stabilize market expectation and to facilitate stable and sound development of the real estate industry. Such measures were taken to tackle the excessive rise in housing prices and property speculation activities in some major cities in Mainland China. Under these intensive corrective measures, the demand and the prices of properties had dropped noticeably in the major cities during the period under review. The Group's operating performance has been facing a significant challenge in the year of 2010.

During the period under review, the Group recorded an unaudited turnover of approximately RMB16.53 million, which represented an increase of approximately 37.42% as compared with the unaudited turnover of approximately RMB12.03 million for the corresponding first half year in 2009. Such increase was mainly because the sales momentum of several premium property projects last year was maintained in the first quarter of 2010 and contributed a substantial portion of the Group's revenue although market demand was curtailed under the austerity measures as mentioned.

For the six months ended 30 June 2010, the gross loss margin of the Group was approximately 10.93% which had improved significantly from approximately 51.09% as recorded during the corresponding period in 2009. The substantial decrease in gross loss margin was mainly because relatively less cost of services of certain projects were incurred in its latter stage of sales. Accordingly, given the gross loss margin in the period, the Group suffered a loss for the reporting period. The unaudited loss attributable to the owners of the Company during the period under review was reduced to approximately RMB2.62 million as compared with the loss of approximately RMB17.72 million for the corresponding period in 2009. Such improvement was principally due to the increase in the Group's turnover and lower gross loss margin as mentioned above.

## COMPREHENSIVE PROPERTY CONSULTANCY AND AGENCY BUSINESS

During the period under review, the Group mainly provided comprehensive property consultancy and agency services for the primary residential and commercial property market in the PRC. For the six months ended 30 June 2010, the Group had 20 projects in operation and it generated revenue from 17 (six months ended 30 June 2009: 17) comprehensive property consultancy and agency projects. For the six months ended 30 June 2010, approximately 0.18 million square metres (six months ended 30 June 2009: 0.20 million square metres) of gross floor areas of the relevant underlying properties under these comprehensive property consultancy and agency projects were sold through the Group.

Total unaudited revenue generated from these comprehensive property consultancy and agency projects of approximately RMB15.96 million contributed almost the entire unaudited turnover of the Group during the period under review, accounting for approximately 96.55% of the total unaudited revenue of the Group.

As at 30 June 2010, the Group had 30 comprehensive property consultancy and agency projects on hand with a total of approximately 3.39 million square metres of unsold gross floor areas. Among these 30 projects, the sales of the underlying properties of 10 projects have not yet commenced as at 30 June 2010.

## FUTURE PROSPECTS

Looking forward to the second half of 2010, austerity measures against the overheated property market in the first half of 2010 will likely discourage speculative market activities and bring about relative stability in property price level in the PRC. The management considers that the property demands for genuine home buyers are still keen in the future due to increasing urbanization and the yearn for improvement in living conditions, especially in second and third tier cities in China, when a more reasonable and affordable property price level is restored. The Company is now exploring more investment opportunities in property development in those areas in view of improving the profitability of the Group in the future.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2010, the Group had unaudited net current assets of approximately RMB95.07 million (31 December 2009: RMB98.21 million), unaudited total assets of approximately RMB127.63 million (31 December 2009: RMB130.03 million) and unaudited shareholders' funds of approximately RMB92.49 million (31 December 2009: RMB94.56 million).

As at 30 June 2010, the unaudited bank and cash balances of the Group amounted to approximately RMB26.54 million (31 December 2009: RMB8.98 million).

## **GEARING RATIO**

As the Group did not have any borrowings as at 30 June 2010, the gearing ratio was zero (31 December 2009: zero).

## **PLEDGED ASSETS**

As at 30 June 2010, the Group did not pledge or charge any property, plant or equipment to secure any loans or bank facilities of the Group (31 December 2009: RMB Nil).

## **FOREIGN EXCHANGE EXPOSURE**

As the Group's sales are predominantly denominated in Renminbi and the purchases and expenses are mainly denominated in Renminbi, the Group's currency fluctuation risk is considered insignificant. The Group currently does not have any foreign currency hedging policy. However, the management continuously monitors the Group's foreign exchange exposure and will consider to hedge significant currency risk exposure should the need arise.

## **STAFF**

As at 30 June 2010, the Group had a total of 251 staff, whose remuneration and benefits were determined based on market rates, the PRC's state policies, respective domestic statutory requirements and individual performance.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2010, the interests and short positions of the Directors and chief executive of the Company in the shares ("Shares"), underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
Mr. Chiang Chen Feng ("Mr. Chiang")	The Company	Interest of a controlled corporation (Note 2)	67,820,850 Ordinary Shares (L)	33.83%
	The Company	Beneficial owner and interest of spouse (Note 3)	1,500,000 Ordinary Shares (L)	0.72% (Note 12)
Ms. Lin Chien Ju ("Ms. Lin")	The Company	Interest of a controlled corporation (Note 4)	36,352,050 Ordinary Shares (L)	18.13%
		Beneficial owner (Note 5)	100,000 Ordinary Shares (L)	0.05% (Note 12)

## DISCLOSURE OF INTERESTS

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

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	3.52%
	The Company	Beneficial owner (Note 6)	2,700,000 Ordinary Shares (L)	1.29% (Note 12)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Interest of spouse (Note 7)	67,820,850 Ordinary Shares (L)	33.83%
	The Company	Beneficial owner and interest of spouse (Note 8)	1,500,000 Ordinary Shares (L)	0.72% (Note 12)
Dr. Cheng Chi Pang ("Dr. Cheng")	The Company	Beneficial owner (Note 9)	100,000 Ordinary Shares (L)	0.05% (Note 12)
Mr. Ng Wai Hung ("Mr. Ng")	The Company	Beneficial owner (Note 10)	100,000 Ordinary Shares (L)	0.05% (Note 12)
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 11)	100,000 Ordinary Shares (L)	0.05% (Note 12)

## DISCLOSURE OF INTERESTS

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

1. The letter "L" denotes the Director's long position in the Shares or underlying Shares of the Company.
2. These shares were registered in the name of Active Star Investment Limited ("Active Star"), the entire issued capital of which was owned by Mr. Chiang. Mr. Chiang is also the sole director of Active Star. Mr. Chiang was deemed to be interested in all the shares in which Active Star was interested by virtue of the SFO.
3. The long position of Mr. Chiang in these 1,500,000 Shares comprised the 750,000 options and 550,000 options granted to him and his wife, Ms. Chang, respectively by the Company under the Pre-IPO Share Option Scheme; and 100,000 options granted to him and 100,000 options granted to Ms. Chang by the Company under the Share Option Scheme. Mr. Chiang was regarded as interested in all the options in which Ms. Chang was interested by virtue of the SFO.
4. These shares were registered in the name of Upwell Assets Corporation ("Upwell Assets"), the entire issued capital of which was owned by Ms. Lin. Ms. Lin is also one of the directors of Upwell Assets. Ms. Lin was deemed to be interested in all the shares in which Upwell Assets was interested by virtue of the SFO.
5. The long position of Ms. Lin represented 100,000 options granted to her by the Company under the Share Option Scheme on 12 March 2008.
6. The long position of Mr. Han in these 2,700,000 Shares comprised the 750,000 options granted and 1,950,000 options granted to him by the Company under the Pre-IPO Share Option Scheme and Share Option Scheme respectively.
7. Ms. Chang was regarded as interested in all the Shares referred to in note (2) above, in which Mr. Chiang, her husband, was interested by virtue of the SFO.



## DISCLOSURE OF INTERESTS

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

8. The long position of Ms. Chang in these 1,500,000 Shares comprised the 550,000 options and 750,000 options granted to her and her husband, Mr. Chiang, respectively by the Company under the Pre-IPO Share Option Scheme, and 100,000 options granted to her and 100,000 options granted to Mr. Chiang by the Company under the Share Option Scheme. Ms. Chang was regarded as interested in all the options in which Mr. Chiang was interested by virtue of the SFO.
9. The long position of Dr. Cheng in these 100,000 Shares represented the 100,000 options granted to him by the Company under the Share Option Scheme on 12 March 2008.
10. The long position of Mr. Ng in these 100,000 Shares represented 100,000 options granted to him by the Company under the Share Option Scheme on 12 March 2008.
11. The long position of Mr. Cui in these 100,000 Shares represented 100,000 options granted to him by the Company under the Share Option Scheme on 12 March 2008.
12. These percentages are calculated on the basis of 209,190,000 Shares of the Company in issue as at 30 June 2010, assuming that all the then outstanding options granted under the Pre-IPO Share Option Scheme and Share Option Scheme had been exercised as at that date.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2010, the interest or short position of the person (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
Active Star	Beneficial owner (Note 2)	67,820,850 Ordinary Shares (L)	33.83%
Upwell Assets	Beneficial owner (Note 3)	36,352,050 Ordinary Shares (L)	18.13%
Honorway Nominees Limited ("Honorway")	Beneficial owner (Note 4)	16,248,300 Ordinary Shares (L)	8.11%
Honorway Investments Limited	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.11%
Mr. Ho Hau Chong, Norman	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.11%
Ms. Yvette Therese Ma	Interest of spouse (Note 5)	16,248,300 Ordinary Shares (L)	8.11%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.11%
Ms. Sharon Young	Interest of spouse (Note 6)	16,248,300 Ordinary Shares (L)	8.11%

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Name of Shareholder	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
Ms. Hsieh Hsiu-Mei ("Ms. Hsieh")	Interest in a controlled corporation (Note 7)	7,220,000 Ordinary Shares (L)	3.60%
	Beneficial Owner	4,716,000 Ordinary Shares (L)	2.35%
Mr. Chu Yao-Jen	Interest of spouse (Note 8)	11,936,000 Ordinary Shares (L)	5.95%
Mrs. Chen Hsiu Li-Mei	Beneficial Owner	11,122,000 Ordinary Shares	5.55%
Mr. Chen Chin Chuan	Interest of spouse (Note 9)	11,122,000 Ordinary Shares	5.55%

Notes:

1. The letter "L" denotes the shareholders' long position in the Shares or underlying Shares of the Company.
2. These Shares were registered in the name of Active Star, the entire issued share capital of which was owned by Mr. Chiang. Mr. Chiang was deemed to be interested in all the Shares in which Active Star was interested by virtue of the SFO.
3. These Shares were registered in the name of Upwell Assets, the entire issued share capital of which was owned by Ms. Lin. Ms. Lin was deemed to be interested in all the Shares in which Upwell Assets was interested by virtue of the SFO.
4. These Shares were registered in the name of Honorway, which was controlled by Honorway Investments Limited, which was in turn controlled by Mr. Ho Hau Chong, Norman and his brother, Mr. Ho Hau Hay, Hamilton. Mr. Ho Hau Chong, Norman, Mr. Ho Hau Hay, Hamilton and Honorway Investments Limited were deemed to be interested in all the Shares in which Honorway was interested by virtue of the SFO.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Notes: *(Continued)*

5. Ms. Yvette Therese Ma was the wife of Mr. Ho Hau Chong, Norman and she was deemed to be interested in all the Shares in which Mr. Ho Hau Chong, Norman was interested by virtue of the SFO.
6. Ms. Sharon Young was the wife of Mr. Ho Hau Hay, Hamilton and she was deemed to be interested in all the Shares in which Mr. Ho Hau Hay, Hamilton was interested by virtue of the SFO.
7. These Shares were registered in the name of Forever Sky Group Limited, which was controlled by Ms. Hsieh Hsiu-Mei. Ms. Hsieh was deemed to be interested in all the Shares in which Forever Sky Group Limited was interested by virtue of the SFO.
8. Mr. Chu Yao-Jen was the husband of Ms. Hsieh Hsiu-Mei and he was deemed to be interested in all the Shares in which Ms. Hsieh was interested by virtue of the SFO.
9. Mr. Chen Chin Chuan was the husband of Mrs. Chen Hsu Li-Mei and he was deemed to be interested in all the Shares in which Mrs. Chen Hsu Li-Mei was interested by virtue of the SFO.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2010, no person, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, had an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES

A pre-IPO share option scheme (“Pre-IPO Share Option Scheme”) was adopted pursuant to a written resolution passed by all shareholders of the Company on 10 June 2006. The purpose of the pre-IPO Share Option Scheme is to recognise and reward the contribution of certain directors, senior management, employees, consultants and advisers of the Group to the growth and development of the Group and the listing of the Company on the Main Board of the Stock Exchange.

A post-IPO share option scheme (“Share Option Scheme”) was adopted pursuant to the written resolution passed by all shareholders of the Company on 10 June 2006. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Eligible participants of the Share Option Scheme include, among others, the Group’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, the Group’s shareholders and the advisers or consultants of the Group. The Share Option Scheme will remain in force for a period of 10 years commencing from 10 June 2006.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period under review.

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES (Continued)

Details of the movements of the outstanding share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme of the Company for the six months ended 30 June 2010 were as follows:

Category of participant	Number of shares in respect of share options					Date of grant	Exercise period	Exercise price per share HK\$	Closing price of the shares on the trading day immediately before the date of grant HK\$
	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2010				
<b>Directors:</b>									
Chiang Chen Feng	750,000	-	-	-	750,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	<u>850,000</u>	-	-	-	<u>850,000</u>				
Han Lin	750,000	-	-	-	750,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	975,000	-	-	-	975,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	975,000	-	-	-	975,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	<u>2,700,000</u>	-	-	-	<u>2,700,000</u>				
Chang Hsiu Hua	550,000	-	-	-	550,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	<u>650,000</u>	-	-	-	<u>650,000</u>				
Lin Chien Yu	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
Cheng Chi Pang	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
Ng Wai Hung	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
Cui Shi Wei	50,000	-	-	-	50,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	50,000	-	-	-	50,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
<b>Employees:</b>									
In aggregate	1,670,000	-	-	-	1,670,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	1,225,000	-	-	-	1,225,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	1,225,000	-	-	-	1,225,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	<u>4,120,000</u>	-	-	-	<u>4,120,000</u>				
	<u>8,720,000</u>	-	-	-	<u>8,720,000</u>				

## OTHER INFORMATION

### DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

With reference to the announcements of the Company dated 21 April 2008 and 20 April 2009 in relation to the payment of a security deposit (the "Security Deposit") for the sum of RMB20 million by Shanghai Fortune Sun to Shanghai Xi Ge Ma Land Company Limited (上海希格瑪置業有限公司) (the "Former Customer") to secure the performance of its sales agency obligations in a real estate project in Shanghai (the "Subject Project") under certain agency agreements (the "Agency Agreements"), Shanghai Ming Xin Investment and Management Consultant Company Limited (上海名昕投資管理諮詢有限公司) (the "Former Investment Partner") had agreed to unconditionally refund the entire Security Deposit to Shanghai Fortune Sun by 10 May 2009.

At the time of the Agency Agreements, the Former Customer had been in the course of acquiring the interest of the Subject Project from Shanghai Bao Rui Land Company Limited (上海寶瑞置業有限公司) (the "Current Customer"). Such acquisition had subsequently fallen through and therefore, the Agency Agreements were terminated in October 2008. On 23 October 2008, the Current Customer entered into another sales agency agreement with Shanghai Fortune Sun and Shanghai Ke Shang Property Consultant Company Limited (上海可上房產諮詢有限公司) (the "Current Investment Partner"), an independent third party, for the appointment of Shanghai Fortune Sun as its principal sales and consultancy agent for the Subject Project. The sale of the property under the Subject Project has been fully underwritten by the Current Investment Partner.

Pursuant to a novation agreement dated 24 October 2008 entered into between the Former Investment Partner, the Current Investment Partner and Shanghai Fortune Sun, the Current Investment Partner has assumed the repayment obligations of the Former Investment Partner in respect of the Security Deposit. The Security Deposit is unsecured and interest free, and the Current Investment Partner has agreed to refund the Security Deposit to Shanghai Fortune Sun 18 months after the sale commencement of the Subject Project, that is, on 23 May 2010.

## OTHER INFORMATION

### DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES *(Continued)*

Subsequently, an underwriting settlement agreement had been entered into between the Current Investment Partner, Shanghai Fortune Sun and the Current Customer on 11 January 2010 after a substantial portion of apartment units (including parking lots) of the Subject Project was sold to ultimate customers in 2009. Pursuant to the agreement, the Current Investment Partner exercised their right to purchase the unsold units (including the parking lots) of the Subject Project (save for 4 apartment units and the corresponding parking lots, the purchase price of which was paid by Shanghai Zhilian but the titles of which were retained by the Current Customer to set off certain sums due from the Current Investment Partner to the Current Customer) (the “Unsold Units”) through Shanghai Zhilian Enterprise Development Company Limited (上海智連企業發展有限公司) (“Shanghai Zhilian”), a wholly-owned subsidiary of the Current Investment Partner and an independent third party of the Group, so as to discharge its obligations stipulated in the previous agreement with the property developer to underwrite the sales of all the apartment units and parking lots of the Subject Project. Given the property titles to the Unsold Units of the Subject Project are ultimately transferred to Shanghai Zhilian, therefore, a new agreement has been entered into between Shanghai Zhilian, the Current Investment Partner and Shanghai Fortune Sun on 24 February 2010, pursuant to which Shanghai Zhilian agreed to appoint Shanghai Fortune Sun as the sales and consultancy agent in respect of the Unsold Units for a term of 12 months, and Shanghai Zhilian will assume all the warranties, undertakings and repayment obligations of the Current Investment Partner to Shanghai Fortune Sun in relation to the Subject Project, including the repayment obligation of the Current Investment Partner to Shanghai Fortune Sun in respect of the Security Deposit. Shanghai Zhilian has agreed to refund the Security Deposit to Shanghai Fortune Sun with reference to the progress of sales of the Unsold Units until the Security Deposit has been repaid in full.

The Security Deposit of RMB20 million is accounted for as trade deposits as of 30 June 2010 and 31 December 2009 respectively.



## **OTHER INFORMATION**

### **DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES** *(Continued)*

As the amount of the Security Deposit represented approximately 15.67% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 30 June 2010, the Company's general disclosure obligation of certain particulars of the Security Deposit as prescribed under Rule 13.15 of the Listing Rules arose.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE**

None of Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2010, except for code provision A2.1 of the CG Code regarding the responsibilities between the chairman and chief executive officer ("CEO") which have not been segregated.

The Company does not have a separate chairman and CEO and Mr. Chiang Chen Feng currently performs these two roles. The Board believes that vesting the roles of both chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.

## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors, and all Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2010.

### AUDIT COMMITTEE

Pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules, the Company has established an audit committee (the “Audit Committee”) comprising all three existing independent non-executive Directors, namely Mr. Ng Wai Hung, Mr. Cui Shi Wei, and Dr. Cheng Chi Pang. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 including the accounting, internal control and financial reporting issues. In carrying out this review, the Audit Committee has relied on a review conducted by the Company’s external auditor in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.



## OTHER INFORMATION

### REVIEW OF ACCOUNTS

At the request of the Directors, the Company's external auditor, RSM Nelson Wheeler, has carried out a review on the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 were approved by the Board on 27 August 2010.

By order of the Board  
**Fortune Sun (China) Holdings Limited**  
**Chiang Chen Feng**  
*Chairman*

Hong Kong, 27 August 2010