Fortune Sun

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

Annual Report 2011

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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

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

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 KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Units 05-10
Level 21
China Insurance Building
No. 166 Lujiazui East Road
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

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

Ms. Lau Sim FCCA, FCPA, MSc(FA), SIFM

COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua
Ms. Lau Sim

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants

HONG KONG LEGAL ADVISERS

Chiu & Partners

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
China Minsheng Banking Corporation Limited

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

COMPANY WEBSITE

http://www.fortune-sun.com

CHAIRMAN'S STATEMENT

I am pleased to present on behalf of the board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") the annual report for the year ended 31 December 2011 of the Company and its subsidiaries (collectively, the "Group").

In 2011, in line with the Chinese government's aim to adjust property prices, a number of policies, such as "the Eight New Measures of the State Council", "One Price for One House" and "Limited Purchasing Order", were introduced during the year while the tightened credit policy adopted in 2010 were carried on in 2011. During the year under review, the central bank, the People's Bank of China, had raised the interest rate three times and the commercial banks' reserve requirement ratio by six times. In January 2011, levy of property tax on newly purchased property was effected in Shanghai and Chongqing, which were the first batch of pilot cities for the new policy. In October 2011, the Chongqing government also started to impose property tax on holders of certain types of residential property in the market. Property price control targets of over 121 cities were announced across the country during the year, amongst which most of these cities had set price control targets with price increase limited to less than the GDP growth rate or the growth rate of the disposable income of citizens. The Chinese government had also increased significantly the supply of social security housing with its construction of approximately 10 million units of social security housing. The implementation of such various policies effectively decreased the volume of property transactions as well as property prices in the PRC during the second half of 2011. In addition, the growth rate of investment in the PRC property market was also slowed down. According to the National Bureau of Statistics of China, in 2011, the total property development investment of the country was RMB6,174 billion, representing a year-on-year increase of 27.9%, which was in fact 5.3% lower than the growth rate in the previous year; the total sales area of commodity housing amounted to 1,099 million square metres, representing an increase of 4.9%, which was 5.7% lower than last year's growth rate; sales of commodity housing amounted to RMB5,911.9 billion, representing a year-on-year increase of 12.1%, which was 6.8% lower than the growth rate in the previous year; last but not least, the amount of personal mortgage loan decreased by 12.2% as compared to the previous year.

During the year under review, the Group, as a property planning, consultancy and sales agency corporation, experienced an unprecedented lackluster operating environment for property developers. Revenue of the Group were clearly affected by the property adjustment policies and reached only around 45.9% of the target. During the year under review, the Group completed sales for saleable areas totaling 247,000 square metres, representing a decrease of 19.3% year on year. Total sales completed was approximately RMB1,257 million, representing a significant decrease of 34.7% year on year. The turnover of the Group for year 2011 was approximately RMB19,075,000, representing a decrease of 43.4% as compared to approximately RMB33,727,000 in 2010. The loss before tax was approximately RMB30,001,000, representing a increase of 118.9% as compared with last year. Due to a difference in deferred tax, the loss attributable to owners of the Company in 2011 increased by 196.0% year on year to approximately RMB28,164,000 as compared to the loss of approximately RMB9,515,000 in 2010. The basic loss per share in 2011 was approximately RMB14.05 cents (2010: RMB4.75 cents). Given the unsatisfactory performance of business operations and the need of the Group to conserve a healthy liquidity level in light of the uncertain factors of the China property market in 2012, the Board did not recommend the payment of a final dividend for the year ended 31 December 2011.

The Group undertook a total of 22 projects including 14 comprehensive property consultancy and sales agency service projects in 2011. As at 31 December 2011, the Group had a total of 32 executable projects with saleable areas of approximately 3,995,000 square metres. Looking forward, the Group will continue to endeavor to further develop its business and to enhance both the quality and quantity of our property planning, consultancy and sales agency service projects.

PRC government authorities had been reiterating their determination in exerting increased control upon the property market to bring housing prices back to reasonable levels. In January 2012, a freeze in the increase in property price was observed in a total of 70 big- and middle-sized cities. In February 2012, the central bank once again decreased the commercial banks' reserve requirement ratio since last November. From a macro perspective, many of these current property market policies are long-termed policies, hence will be expected to persist in 2012, let alone possible minor adjustments to actual circumstances. Looking forward, it is expected that the number of pilot cities for levy of property tax will increase and the housing price will drop steadily in China. However, in order to achieve urbanization, we believe that while suppressing speculative housing demand, the Chinese government will still continue to cultivate reasonable solid housing demand. The national income and the pursuit of quality lifestyle will also support the property market transaction volume, in particular in the second-tier cities, third-tier cities and emerging cities. Despite an unoptimistic outlook for most property developers, we believe our Group's competitive edges, substantial experience in property planning, consultancy and sales agency businesses for the primary property market in the PRC, will still continue to bring sustainable opportunities to our businesses.

Reviewing year 2011, the Group had actively expanded its business in second and third-tier cities outside Shanghai, Jiangsu and Zhejiang Provinces. As a result, the proportion of revenue attributable regions other than Shanghai and Jiangsu and Zhejiang Provinces increased significantly from 26.4% in 2010 to 65.9%. The diversification of project areas helped alleviate the adverse effects to the Group's revenue brought about by the government's stringent property market policies in first-tier cities. However, the operating expenses of the Group failed to adjust accordingly due to lack of economies of scale. In 2012, the Group will continue to expand the property consultancy and sales agency businesses in the second and third-tier cities with its prudent and optimistic strategies, to increase number of projects and speed up the sale progress of saleable projects.

Looking ahead, the Group will keep abreast of economic and market developments on both international and domestic levels, develop new property products, improve on business strategies, explore better operating models and secure cooperation opportunities to ensure sustainable development of the Group. Our management will continue to take an active role in improving our financial health by means of stringent cost controls, enhanced budget management, improved liquidation management and shortened turnover rate of trade receivables. Along with China's continuing growing economy, the real estate market in China will enter a diversified and mature stage. With a fully-equipped management team, we are confident that the Group will be able to rise up to any challenges lying ahead of us, and to achieve a sustainable, stable and healthy development in the future.

On behalf of the Board, I would like to extend my deepest appreciation as always to the whole management and staff of the Group for their dedicated commitment and ongoing efforts in providing even higher quality services to our customers. I would also wish to express my sincere thanks to our business partners, consultants, customers and shareholders for their support and cooperation throughout the year.

For and on behalf of the Board of
Fortune Sun (China) Holdings Limited

Chiang Chen Feng
Chairman

26 March 2012
Hong Kong

DIRECTORS & SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Chiang Chen Feng (江陳鋒), aged 47, is the Chairman and an executive Director and one of the founders of the Group. Mr. Chiang graduated from Feng Chia University (逢甲大學) in Taiwan in June 1989 with a bachelor's degree in business management and started to engage in real estate property valuation and market research. During 1995 to 1996, Mr. Chiang was a researcher of Coastal Greenland Limited (Stock Code: 1124) (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), and was focusing on the PRC market. Mr. Chiang co-founded the Group in April 1997 and was appointed as a director of Shanghai Fu Yang Property Consultant Co., Limited ("Shanghai Fortune Sun") since then. He is also a director of each of the Company's other subsidiaries, namely, Cornerstone Asset Management Consultancy (Shanghai) Limited ("Cornerstone"), Millstone Developments Limited ("Millstone"), Eco Home Investment Company Limited ("Eco Home"), Shanghai Yang Shi Enterprise Development Company Limited (上海陽石企業發展有限公司) ("Shanghai Yang Shi") and Fortune Sun Assets Management Company Limited ("Fortune Sun Assets"). Mr. Chiang is the spouse of Ms. Chang Hsiu Hua, an executive Director. Mr. Chiang is currently the director of Active Star Investment Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this annual report.

Ms. Chang Hsiu Hua (張秀華), aged 46, is an executive Director. Ms. Chang obtained her bachelor's degree in public finance from Feng Chia University (逢甲大學) in Taiwan in June 1988. In 1988, Ms. Chang joined Subaru Motors Co., Ltd. (仲慶汽車有限公司) and was responsible for valuation and insurance matters. In January 1993, she was employed at Equity Law Firm (衡平法律事務所) and was responsible for legal related matters. Ms. Chang joined Shanghai Fortune Sun as a manager of the finance department in July 1997 and she was appointed as a member of the senior management of Shanghai Fortune Sun in January 2000 and has been responsible for financial management. In August 2005, Ms. Chang was appointed as a director of Shanghai Fortune Sun. She is also a director of each of Cornerstone and Eco Home. Ms. Chang is the spouse of Mr. Chiang Chen Feng, an executive Director.

Mr. Han Lin (韓林), aged 44, is an executive Director. Mr. Han obtained a bachelor's degree in applied geophysics from Sichuan United University Chengdu College of Geology (四川聯合大學成都地質學院大學) in June 1989. Mr. Han is the holder of Certificate for Real Estate Brokers in Shanghai (上海房地產經紀人證書). During 1989 to 1996, Mr. Han was employed at the Shanghai Bureau of Marine Geological Survey (上海海洋地質調查局). Mr. Han is also a director of each of Shanghai Fortune Sun, Cornerstone, Shanghai Yang Shi and Fortune Sun Assets. Since January 2003, he has been appointed as a deputy general manager of the business development department of Shanghai Fortune Sun and responsible for the business development of the Group. In May 2009, he was appointed as the vice-president of Shanghai Fortune Sun.

Non-executive Director

Ms. Lin Chien Ju（林倩如）, aged 39, is a non-executive Director. Ms. Lin obtained a Hospitality Management Diploma from the Educational Institute of the American Hotel and Motel Association in April 1996 and she obtained a Degree of Bachelor of Business Administration from the American University in London in August 1996. Ms. Lin received her Master of Arts Degree in Management from the Dominican University of California, the United States in May 1998. Ms. Lin is one of the co-founders of the Group. Ms. Lin has been a director of Shanghai Fortune Sun since April 1997. Ms. Lin is currently the director of Upwell Assets Corporation, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this annual report.

Independent Non-executive Directors

Mr. Ng Wai Hung（吳偉雄）, aged 48, has been appointed as an independent non-executive Director since June 2006. Mr. Ng is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr. Ng practises in the areas of securities law, corporate law and commercial law of Hong Kong. Mr. Ng is also an independent non-executive director of five companies listed on the Stock Exchange, namely GOME Electrical Appliances Holding Limited (Stock Code: 493), Hycomm Wireless Limited (Stock Code: 499), Tech Pro Technology Development Limited (Stock Code: 3823), Trigiant Group Limited (Stock Code: 1300) and the Company. Mr. Ng was also an independent non-executive director of Yun Sky Chemical (International) Holdings Limited (currently known as King Stone Energy Group Limited) (Stock Code: 663), KTP Holdings Limited (Stock Code: 645) and Tomorrow International Holdings Limited (currently known as Talent Property Group Limited) (Stock Code: 760), and resigned in February 2010, February 2011 and January 2012, respectively.

Mr. Cui Shi Wei（崔士威）, aged 60, has been appointed as an independent non-executive Director since June 2006. Mr. Cui obtained a Law Master Degree from the Jilin University in the PRC in July 1986. Mr. Cui was a lecturer in the Law School of Jilin University（吉林大學法學學院）from July 1986 to July 1992. Mr. Cui worked as a senior management member of a nationwide insurance company and Coastal Greenland Limited (Stock Code: 1124), the shares of which are listed on the Main Board of the Stock Exchange.

Dr. Cheng Chi Pang（鄭志鵬）, aged 54, has been appointed as an independent non-executive Director since June 2006. Dr. Cheng obtained a Bachelor's Degree in Business, a Master Degree in Business Administration and a Doctorate Degree of Philosophy in Business Management from Curtin University of Technology, Heriot-Watt University and Burkes University in 1992, 1998 and 2003 respectively. Also, Dr. Cheng obtained a Master of Laws (Chinese and Comparative Law) from City University of Hong Kong. Dr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practising Accountants and the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. Dr. Cheng is a Certified Public Accountant practising in Hong Kong and has over 27 years of experience in auditing, business advisory and financial management. Dr. Cheng had been a group financial controller of NWS Holdings Limited (Stock Code: 659), the shares of which are listed on the Main Board of the Stock Exchange. Currently, Dr. Cheng is the senior partner of Leslie Cheng & Co. Certified Public Accountants and the chairman and chief executive officer of L & E Consultants Limited. Dr. Cheng is also a non-executive director of Wai Kee Holdings Limited (Stock Code: 610) and Build King Holdings Limited (Stock Code: 240); and an independent non-executive director and chairman of audit committee of China Ting Group Holdings Limited (Stock Code: 3398), Nine Dragons Paper (Holdings) Limited (Stock Code: 2689) and Tianjin Port Development Holdings Limited (Stock Code: 3382), all of which are companies listed on the Main Board of the Stock Exchange.

Senior Management

Ms. Wang Jia（王佳）, aged 42, is a deputy general manager of Shanghai Fortune Sun and is responsible for supervising all development projects and managing the day-to-day operations of the Group. Ms. Wang joined the Group in April 1997 and prior to holding the current position, Ms. Wang held the following positions in Shanghai Fortune Sun: the executive, the assistant manager, the manager and the deputy general manager and the general manager of sales department, the regional senior manager and the deputy regional general manager of sales department in Shanghai. Ms. Wang graduated from Shanghai University in July 1992, majoring in mechanical design and manufacturing. Ms. Wang has 14 years of experience in property sales and marketing and is also a holder of Certificate for Real Estate Brokers in Shanghai（上海房地產經紀人證書）.

Mr. Li Zhengzhong（李政中）, aged 44, is a deputy general manager of Shanghai Fortune Sun and is responsible for supervising all development projects and managing day-to-day operations of the Group. Mr. Li joined the Group in March 2002. Prior to holding the current position, Mr. Li held the following positions in the Group: the deputy manager, the manager, the regional senior manager and the deputy general manager of sales department of Shanghai Fortune Sun, and the deputy general manager of Full Sincerity Advertising Company Limited ("Full Sincerity"), a previously owned subsidiary of the Group. Mr. Li graduated from Taipei Songshan High School of Agriculture and Industry in June 1987, majoring in electrical engineering. Mr. Li is the spouse of Ms. Jao Hui Mei, a member of the senior management of the Group.

Ms. Lau Sim（劉嬋）, aged 34, joined the Group in December 2010 and has been appointed as the Group's chief financial officer and the company secretary of the Company since 1 January 2011. Ms. Lau has worked in PricewaterhouseCoopers for years and has gained immense experience in financial management, corporate financing and investment management in large companies listed on the Main Board of the Stock Exchange. She holds a bachelor's degree in accountancy from the Hong Kong Polytechnic University and a master degree in financial analysis from the Hong Kong University of Science and Technology. Ms. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Association of Chartered Certified Accountants and a senior international finance manager certified by the International Finance Management Association.

Mr. Wu Yungang（吳蘊鋼）, aged 34, is a regional general manager of Shanghai Fortune Sun and is responsible for coordinating all development projects and managing day-to-day operations of Shanghai Fortune Sun. Mr. Wu joined the Group in September 1997. Prior to holding the current position, Mr. Wu held the following positions in Shanghai Fortune Sun: the deputy manager and the manager, the regional senior manager and the deputy general manager of sales department. Mr. Wu graduated from the Artillery College of the PRC Liberation Army with certificate of administration and management in June 2005. Mr. Wu has 14 years of experience in real estate sales and marketing.

Ms. Jao Hui Mei（饒慧美）, aged 45, is a general manager of promotion and planning department of Shanghai Fortune Sun and is responsible for management and strategic planning for the Group. Ms. Jao joined the Group in May 2001 and prior to holding the current position, Ms. Jao held the following positions in the Group: the executive, the assistant manager, the manager, the senior manager, the deputy general manager and the general manager of the Shanghai Fortune Sun's promotion and planning department, and general manager of Full Sincerity. Ms. Jao obtained a Diploma of Enterprise Management, majoring in sales management from the College for Professional Training in Finance and Business（私立玫理商業專科學校）in June 1989. Ms. Jao has over 16 years of experiences in corporate planning. Ms. Jao is the spouse of Mr. Li Zhengzhong, a member of the senior management of the Group.

MARKET AND BUSINESS REVIEW

In 2010, the Chinese government implemented a series of property market adjustment measures in order to curb the soaring housing prices. In 2011, the Chinese government continued along this line by launching administrative and economic policies such as restriction on house purchases, housing price and mortgage loans on a nationwide basis, the extension of the construction scale of social security housing and the increase of interest rate for three times and commercial bank's reserve requirement ratio for six times. Consequentially, properties consumers in China became more prudent, causing a drastic drop in the sales of commodity housing. The Real Estate Climate Index of the country dropped from 103 in March 2011 to 99 in December 2011. Such poor market sentiment caused commensurate downturns in the investment of developed properties in the PRC in 2011. The growth rate of property development investment decreased from 33.2% in 2010 to 27.9%, and the growth rate of areas of commodity housing sold decreased from 10.6% in 2010 to 4.9%. In conclusion, 2011 was in fact an unfavourable year for both the real estate and agency sectors.

The revenue of the Group for 2011 amounted to approximately RMB19,075,000, representing a decrease of 43.4% as compared with approximately RMB33,727,000 in 2010. The decrease was mainly attributable to PRC developers' decisions in postponing development projects or property sales, not to mention termination of such projects. Restrictions on house purchases and tightened credit posed immense difficulties to the approval of mortgage loans hence slowing down the sales progress. The Group's commission income generated from sales premium also decreased significantly as a result of the stringent government measures. The saleable area sold under the comprehensive property consultancy and sales agency service projects undertaken by the Group in 2011 decreased by approximately 19.3% as compared with that in 2010. For the year under review, the revenue generated from comprehensive property consultancy and sales agency service projects decreased by 52.36% to approximately RMB15,381,000 from approximately RMB32,287,000 in 2010.

Regarding the Group's operations in 2011 on a geographical sense, while maintaining a strong focus on Jiangsu Province, the Group had strategically shifted its business focus from first-tier cities such as Shanghai to Hubei Province, in order to minimize possible negative impact brought by the macro housing prices adjustment measures. The proportion of revenue attributable to the comprehensive property consultancy and sales agency service projects from these two provinces increased to approximately 71.1% from approximately 54.4% in 2010. During the year under review, the Group had also actively sought opportunities in the business products segments to improve its revenue base. For instance, the Group had undertaken 8 pure property planning and consultancy service projects (2010: 4 projects), increasing the revenue generated in this business segment by approximately 156.5% from that in 2010.

The gross loss margin of the Group was approximately 69.6% for the year ended 31 December 2011 (2010: approximately 23.9%), which was mainly attributable to less revenue generated from operations during 2011. The loss attributable to the owners of the Company increased to approximately RMB28,164,000 in 2011 (2010: approximately RMB9,515,000).

COMPREHENSIVE PROPERTY CONSULTANCY AND AGENCY BUSINESS

The provision of comprehensive property consultancy and sales agency services for the primary property market in the PRC is the core business of the Group. In 2011, the turnover of the Group was generated from 14 comprehensive property consultancy and sales agency service projects (2010: 22 projects) with approximately 247,000 square metres (2010: approximately 306,000 square metres) of total saleable gross floor areas of the relevant underlying projects. The reported revenue from these comprehensive property consultancy and sales agency service projects for the year ended 31 December 2011 was approximately RMB15,381,000, representing approximately 80.6% of the total turnover of the Group (2010: approximately RMB32,287,000, representing approximately 95.7% of the turnover).

As at 31 December 2011, the Group had 32 comprehensive property consultancy and sales agency service projects on hand with a total unsold gross floor areas of approximately 3,995,000 square metres (2010: approximately 4,210,000 square metres). Among these 32 projects, sales of the underlying properties of 8 projects have not yet commenced as at 31 December 2011.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the year ended 31 December 2011, the Group actively expanded the pure property planning and consultancy business. With 8 pure property planning and consultancy service projects in 2011 (2010: 4 projects), the revenue generated by the Group for the year 2011 in this business increased by approximately 156.5% to RMB3,694,000 (2010: RMB1,440,000), which represents about 19.4% of the total revenue for the year of 2011.

PROSPECTS

The year of 2011 was marked by restrained demand in property investment in light of the stringent government measures imposed. Although the soaring property prices have started to face resistance, the central government had reiterated in the Central Economic Working Conference in December 2011 that the adjustment policies would most likely to continue for a certain period of time, in order to prevent the rebound of housing prices and to strive to bring the housing prices down to a reasonable level.

Looking forward to 2012, the property market will most likely to continue to have an unoptimistic outlook with the Chinese government's construction of about seven million social security housing units and the expansion of scale of property tax reform. Restrictions on house purchases and price will persist, although the requirements of down-payment ratio, interest rate and household register may be loosened. Nevertheless, the supply of ordinary commodity properties and the number of the first-time home buyers may increase, hence there may be minor adjustments to the present measures to accommodate solid housing demand. The Group will continue its cooperation with existing clients targeting on ordinary commodity housing, and look for more development opportunities in the second and third-tier cities that are in the process of urbanization. The Group will strive to secure property consultancy and sales agency service projects, as well as promoting its planning services in order to further broaden the Group's revenue base.

2012 will be a year for the Group to increase revenue and to reduce costs. The Group will strive to achieve a break-even position through enhanced budget management, cost control and reduction in operating costs. The management will also continue to explore new business opportunities as alternative sources of credit or capital in order to attain a sustainable development for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

In the year of 2011, the Group's source of funds was mainly from cash generated from operations.

As at 31 December 2011, the Group had net current assets of approximately RMB60,763,000 (2010: approximately RMB81,997,000), total assets of approximately RMB77,460,000 (2010: approximately RMB108,222,000) and shareholders' funds of approximately RMB56,703,000 (2010: approximately RMB85,055,000).

As at 31 December 2011, the bank and cash balances of the Group amounted to approximately RMB13,204,000 (2010: approximately RMB17,203,000).

BANK BORROWINGS AND OVERDRAFTS

The Group had no bank borrowings or overdrafts as at 31 December 2011 (2010: RMB Nil).

INDEBTEDNESS

The Group did not have any short term borrowing as at 31 December 2011 (2010: RMB10,000,000) and had long term borrowings of RMB8,000,000 (2010: RMB Nil) in total which will mature in December 2014 and are secured by the investment properties of the Group as set out in the section headed "Summary of Major Properties" of this report.

As at 31 December 2011, the Group had total borrowings of RMB8,000,000. The gearing ratio of the Group was 10.33% (2010: 9.24%).

FOREIGN EXCHANGE RISKS

As the Group's sales are denominated in Renminbi, the Group's purchases and expenses are either denominated in Renminbi or Hong Kong dollar, and there is no significant foreign currency borrowings, the Group's currency fluctuation risk is considered insignificant. The Group currently does not have a foreign currency hedging policy. However, the management continuously monitors the foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

INTEREST RATE RISKS

The borrowing rates of the Group were mainly floating rates based on the benchmark interest rate for RMB loans of the same periods from financial institutions announced by the People's Bank of China. During the year of 2011, the People's Bank of China raised the benchmark interest rate for RMB loans for three times, from 5.85% at the beginning of the period to 6.65% by the end of the period. The Group's exposure to interest rate risk exposure mainly stemmed from fluctuations of borrowing rates for the Group's debts. Interest rate hikes will increase the cost of borrowings of the Group.

STAFF

As at 31 December 2011, the Group had a total of 243 staff (2010: 268 staff), whose remuneration and benefits are determined based on market rates, state policies and individual performance.

CHARGE ON ASSETS

As at 31 December 2011, the interest-bearing other loan was secured by all the investment properties of the Group with carrying amount of RMB3,897,000 (2010: RMB Nil).

MAJOR INVESTMENTS

For the year ended 31 December 2011, save for the Group's 3% equity interest in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. (上海恒大集團(江蘇)投資有限公司) ("Hengda Jiangsu") as set out in note 18 to the consolidated financial statements and the investment properties held by the Group as set out in the section headed "Summary of Major Properties" of this report, no other significant investment had been made by the Group. As at the date of this report, save for the continuing investment in Hengda Jiangsu and the investment properties held by the Group, the Group had no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2011 (2010: RMB Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2011 (2010: RMB Nil).

DIRECTORS' REPORT

The directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") are pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's principal subsidiaries are provision of property consultancy and sales agency services for the primary property market in the PRC. Particulars of the Company's subsidiaries are set out in note 17 to the consolidated financial statements. The nature of the principal activities of the Group has not changed during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 and the state of affairs of the Company and the Group as at 31 December 2011 are set out in the consolidated financial statements on pages 35 to 84.

On 26 March 2012, the Directors resolved not to recommend any final dividend to the shareholders of the Company for the year ended 31 December 2011 because of the poor financial results and liquidity position of the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 June 2012 to Friday, 15 June 2012 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the annual general meeting of the Company to be held on Friday, 15 June 2012 (the "2011 Annual General Meeting"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4.30 p.m. on Tuesday, 12 June 2012.

INVESTMENT PROPERTIES

Details of investment properties of the Group are set out in notes 16 to the consolidated financial statements as well as the section headed "Summary of Major Properties" set out on page 86 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 26 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

GROUP FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are summarized in the section headed "Summary of Financial Information" set out on page 85 of this annual report.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as revised and consolidated from time to time), the share premium is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company, and no distribution may be paid to shareholders out of the Company's share premium unless the Company shall be able to pay its debt as they fall due in the ordinary course of business. As at 31 December 2011, the Company's reserves available for distribution amounted to approximately RMB18,760,000.

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

(i) 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 Fu Yang Property Consultant Co., Limited ("Shanghai Fortune Sun"), a wholly-owned subsidiary of the Company, 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 Ke Shang Property Consultant Company Limited (上海可上房產咨詢有限公司) (the "Current Investment Partner"), an independent third party of the Group, had fully underwritten the sale of the property under the Subject Project on 23 October 2008 and assumed the repayment obligations in respect of the Security Deposit on 24 October 2008. 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.

Subsequently, pursuant to the underwriting agency agreement and underwriting settlement agreement entered into between the Current Investment Partner, Shanghai Fortune Sun and Shanghai Bao Rui Land Company Limited（上海寶瑞置業有限公司）(the "Current Customer") on 23 October 2008 and 11 January 2010, respectively, 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 (as defined below) 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 previously 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 31 December 2011 and 2010 respectively.

As the amount of the Security Deposit represents approximately 25.8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 31 December 2011, the Company's general disclosure obligation of certain particulars of the Security Deposit as prescribed under Rule 13.15 of the Listing Rules arose.

(ii) Reference is made to the announcement of the Company dated 27 August 2010 in relation to the acquisition of 3% interest in the entire registered capital of Hengda Jiangsu, a limited liability company established in the PRC on 9 July 2010 with fully paid up registered capital of RMB50,000,000, at a consideration of RMB1,500,000 and the provision of a shareholder's loan of RMB14,500,000 to Hengda Jiangsu (the "Shareholder's Loan") according to the joint investment agreement dated 27 August 2010 and entered into by the Group with the other existing shareholders of Hengda Jiangsu. Pursuant to the joint investment agreement, the Group and the other existing shareholders of Hengda Jiangsu shall severally provide to Hengda Jiangsu unsecured, non-interest bearing shareholders' loan for an aggregate sum of RMB669,875,050, out of which the Group has committed to provide RMB14,500,000 for the purposes of financing the acquisition and joint development of two pieces of land located in Yancheng City, Jiangsu Province, the PRC.

The Shareholder's Loan amounting to RMB14,500,000 is unsecured, interest free and has no fixed terms of repayment, and is accounted for as other receivable as of 31 December 2011 and 2010 respectively.

As the amount of the Shareholder's Loan represents approximately 18.7% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 31 December 2011, the Company's general disclosure obligation of certain particulars of the Shareholder's Loan as prescribed under Rule 13.15 of the Listing Rules arose.

SETTLEMENT OF LITIGATION

In June 2011, a writ was filed with 上海市第一中級人民法院 (Shanghai No. 1 Intermediate People's Court) (the "Court") and served by the Current Customer as plaintiff on Shanghai Fortune Sun and two independent third parties as defendants in respect of a dispute on land value-added tax liability arising from a real estate project in Shanghai (the "Dispute"). The amount claimed by the Current Customer was RMB60 million and legal costs incidental to the Dispute (the "Claim").

An application to withdraw the Claim was submitted to the Court by the Current Customer on 22 September 2011 and approved by the Court on 9 October 2011. The Court declared that all related legal expenses were to be borne by the Current Customer.

DIRECTORS

The Directors of the Company during the year under review and up to the date of this report are as follows:

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

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

According to Article 108(A) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Han Lin, Ms. Lin Chien Ju and Mr. Ng Wai Hung will retire as Directors and, being eligible, offer themselves for re-election as Directors at the 2011 Annual General Meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and as at the date of this report still considers all of them to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 1 June 2006 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by either party giving to the other not less than three months' advance written notice of termination.

Each of the non-executive Director and the independent non-executive Directors has been appointed for a term of one year commencing from 10 June 2006 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other.

None of the Directors proposed for re-election at the 2011 Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (except for statutory compensation).

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

As at 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the 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") (Chapter 571 of the Laws of Hong Kong)), 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 Directors of Listed Issuers (the "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%
		Beneficial owner and interest of spouse (Note 3)	1,500,000 Ordinary Shares (L)	0.72% (Note 12)

Name of Directors	Company/ Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
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)
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	3.52%
		Beneficial owner (Note 6)	2,700,000 Ordinary Shares (L)	1.30% (Note 12)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Interest of spouse (Note 7)	67,820,850 Ordinary Shares (L)	33.83%
		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)

Notes:

1. The letter "L" denotes the Directors' 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 was 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 (as defined below), and 100,000 options granted to him and 100,000 options granted to Ms. Chang by the Company under the Share Option Scheme (as defined below) on 12 March 2008. 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 evenly owned by Ms. Lin and her sister, Ms. Lin Shu Chi. Ms. Lin was 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 and 1,950,000 options granted to him by the Company under the Pre-IPO Share Option Scheme and the Share Option Scheme on 12 March 2008 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.

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 on 12 March 2008. 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 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 208,410,000 Shares in issue as at 31 December 2011, assuming that all the then outstanding options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme had been exercised as at that date.

Save as disclosed above, as at 31 December 2011, 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 and 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 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2011, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the shares ("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%
Lin Shu Chi	Interest of a controlled corporation (Note 3)	36,352,050 Ordinary Shares (L)	18.13%
Honorway Nominees Limited ("Honorway Nominees")	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%

Name of Shareholder	Capacity	Number and class of securities (Note 1)	Approximate of percentage shareholding
Ms. Sharon Young	Interest of spouse (Note 6)	16,248,300 Ordinary Shares (L)	8.11%
Ms. Hsieh Hsiu-Mei ("Ms. Hsieh")	Interest of 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 Hsu Li-Mei	Beneficial owner	11,122,000 Ordinary Shares (L)	5.55%
Mr. Chen Chin Chuan	Interest of spouse (Note 9)	11,122,000 Ordinary Shares (L)	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 evenly owned by Ms. Lin Shu Chi and Ms. Lin. Ms. Lin Shu Chi 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 Nominees, 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 Nominees was interested by virtue of the SFO.

5. Ms. Yvette Therese Ma is 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 is 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. 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 is the husband of Ms. Hsieh 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 is 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 31 December 2011, no person, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's 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.

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 also adopted pursuant to the written resolutions 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.

Details of the movements in the Company's share options (including those granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) during the year ended 31 December 2011 were as follows:

Category of participant	Number of shares in respect of share options: Outstanding as at 1 January 2011	Granted during the year	Exercised during the year	Lapsed or cancelled during the year	Outstanding as at 31 December 2011	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$
Directors:									
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
	850,000	–	–	–	850,000				
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
	2,700,000	–	–	–	2,700,000				
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
	650,000	–	–	–	650,000				
Lin Chien Ju	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
Employees:									
In aggregate	1,390,000	–	–	–	1,390,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	1,075,000	–	–	(100,000)	975,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	1,075,000	–	–	(100,000)	975,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	3,540,000	–	–	(200,000)	3,340,000				
	8,140,000	–	–	(200,000)	7,940,000				

For the year ended 31 December 2011, 200,000 options granted under the Share Option Scheme had lapsed.

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 60,141,000 Shares as at the date of this annual report) (the "Overriding Limit"). No further options may be granted under the Share Option Scheme if this will result in the Overriding Limit being exceeded.

Subject to the Overriding Limit, the total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue (i) at the time dealings in the Shares first commenced on the Stock Exchange or (ii) on the date on which such 10% limit is refreshed or further refreshed pursuant to the rules of the Share Option Scheme (the "General Scheme Limit"). Options previously granted under the Share Option Scheme or any other share option scheme of the Group (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". On 17 June 2011, an ordinary resolution was passed by the shareholders of the Company at general meeting for the refreshment of the General Scheme Limit to 20,470,000 Shares, representing 10% of the Shares in issue as at the date of the aforesaid shareholders' approval.

The maximum number of Shares issuable under the options which may be granted to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of options in excess of this limit is subject to shareholders' approval in a general meeting.

Options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any options granted to a substantial shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million within any 12-month period are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of options may be accepted within 21 days from the date of offer of grant of the option, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the options granted is determinable by the Directors, which period may commence from the date on which the offer for grant of the options is made, and shall end in any event not later than 10 years from the date on which the offer for the grant of the options is made subject to the provisions for early termination thereof. There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price of the options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange's daily quotation sheets on the date of the offer for grant of the options; and (ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer for grant of the options; and (iii) the nominal value of the Shares.

As at the date of this annual report, the total number of Shares available for allotment and issue pursuant to the exercise of options to be granted under the Share Option Scheme is 20,470,000 Shares, representing the General Scheme Limited as refreshed on 17 June 2011.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed "Share Option Schemes" above, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debenture of the Company granted to any Directors or their respective spouse or minor children (natural or adopted), or were such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

EMOLUMENT POLICY

The emolument policies of the Group are formulated based on the Group's operating results, individual performance, working experience and responsibility, merit, qualifications and competence of individual employees and comparable market statistics and are reviewed regularly.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company.

PURCHASE, SALES AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2011.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's largest customer and five largest customers accounted for approximately 42.0% and 79.7% of the Group's total turnover for the year respectively.

The aggregate purchase attributable to the Group's largest supplier and five largest suppliers accounted for approximately 14.6% and 38.7% of the Group's total purchases of the year respectively.

None of the Directors or any of their associates or any shareholder (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and five largest suppliers.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by RSM Nelson Wheeler who will retire at the conclusion of the 2011 Annual General Meeting. A resolution will be submitted to the 2011 Annual General Meeting to re-appoint RSM Nelson Wheeler as auditor of the Company for the year ending 31 December 2012.

DETAILS OF ANY CHANGE IN THE COMPANY'S AUDITOR IN THE PRECEDING THREE YEARS

Following the retirement of Grant Thornton as the Company's auditor on 19 June 2009, RSM Nelson Wheeler was appointed to fill the casual vacancy in the office of the auditor with effect from 15 July 2009, the details of which were disclosed in an announcement of the Company dated 15 July 2009.

All the relevant information above was published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Investor Relations Section of our Company's website (http://www.fortune-sun.com).

Save as disclosed above, there is no change in the Company's auditor in any of the preceding three years.

On behalf of the Board
Fortune Sun (China) Holdings Limited

Mr. Chiang Chen Feng
Chairman

Hong Kong, 26 March 2012

The Company recognises the importance of good corporate governance to its healthy growth, and is committed to adopt appropriate corporate governance practices that meet its business needs.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its corporate governance code. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company has complied with the CG Code for the year ended 31 December 2011, save for the deviation from code provision A.2.1 of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer (“CEO”) should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and CEO, with Mr. Chiang Chen Feng currently performing these two roles. The Board believes that vesting both the roles of 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.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code during the year ended 31 December 2011.

BOARD OF DIRECTORS

The Group is led by and controlled through the Board, which is constituted by a combination of three executive Directors, namely Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin, a non-executive Director, namely Ms. Lin Chien Ju, and three independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei. Mr. Chiang Chen Feng is the Chairman of the Board.

The Board oversees the overall management and operations of the Group. Major responsibilities of the Board include approving the Group’s overall business, financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, supervising and scrutinizing the performance of management, while the executive Directors and senior management are responsible for the supervision and the execution of the plans of the Group.

The non-executive Director and independent non-executive Directors have been appointed by the Company for a term of one year commencing from 10 June 2006 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by not less than 3 months’ notice in writing served by either the Company or the respective Director to the other. The non-executive Director and independent non-executive Directors are also subject to rotation at annual general meetings pursuant to Article 108(A) of the Articles of Association of the Company (the “Articles of Association”). During the year under review, Mr. Chiang Chen Feng, Dr. Cheng Chi Pang and Mr. Cui Shi Wei retired and were re-elected as Directors at the general meeting of the Company held on 17 June 2011.

All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

The emolument payable to Directors is determined by the Board and recommendations given by the remuneration committee of the Board with reference to the Directors' duties and responsibilities.

Save for the spousal relationship between Mr. Chiang Chen Feng and Ms. Chang Hsiu Hua, both of whom are executive Directors, there is no other family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Special meetings of the Board will be convened if the situation requires so. During the year ended 31 December 2011, the Board convened a total of six Board meetings (exclusive of meetings of Board committees constituted by the Board) and the individual attendance record of the Directors is tabulated as follows:

Name of Director	Number of meeting held during the year	Number of meeting attended
Executive Directors		
Mr. Chiang Chen Feng *(Chairman)*	6	6
Ms. Chang Hsiu Hua	6	6
Mr. Han Lin	6	5
Non-executive Director		
Ms. Lin Chien Ju	6	4
Independent non-executive Directors		
Dr. Cheng Chi Pang	6	6
Mr. Ng Wai Hung	6	5
Mr. Cui Shi Wei	6	5

COMMITTEES OF THE BOARD

The Board has established the Executive Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee (as defined below) for overseeing different aspects of the Company's affairs.

EXECUTIVE COMMITTEE

The Board has established an executive committee (the "Executive Committee") with written terms of reference on 12 January 2007. It consists of all of the executive Directors, namely, Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin. Mr. Chiang Chen Feng is the chairman of the Executive Committee.

The Executive Committee meets as and when required to review and approve, inter alia, any matters concerning the day-to-day management of the Group and has all the general powers of the Board except those matters specifically reserved for the Board. The Executive Committee has not convened any meetings for the year ended 31 December 2011.

NOMINATION COMMITTEE

The Board has set up a nomination committee (the "Nomination Committee") as recommended by the CG Code. The Nomination Committee consists of one executive Director, namely, Mr. Chiang Chen Feng and two independent non-executive Directors, namely, Dr. Cheng Chi Pang and Mr. Ng Wai Hung. Mr. Chiang Chen Feng is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board in respect of composition of the Board and its committees and policy and procedures of nomination and determination of new appointment and re-appointment of Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of potential candidates. During the year ended 31 December 2011, the Nomination Committee had not convened any meeting. No nomination of new Directors took place during the year ended 31 December 2011.

The written terms of reference of the Nomination Committee was adopted on 26 March 2012 to comply with the revised code provisions in Appendix 14 to the Listing Rules with effect from 1 April 2012.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") of the Board with written terms of reference adopted pursuant to the requirements of the code provisions of the CG Code and Rule 3.21 of the Listing Rules on 10 June 2006. The Audit Committee consists of three independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei. Dr. Cheng Chi Pang is the chairman of the Audit Committee.

The Audit Committee was set up for the purposes of reviewing and supervising the financial reporting process and internal control procedures of the Group and regulating the financial reporting procedures, internal controls and risk management system of the Group. It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditor and also reviews and monitors the external auditor's independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with applicable standards. During the year ended 31 December 2011, the Audit Committee met with the external auditor to review and approve the audit plans and also reviewed the Group's interim results of 2011 and annual results of 2010 and the audit findings with the attendance of the external auditor and executive Directors.

The Audit Committee had reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2011.

The Audit Committee convened two meetings during the year ended 31 December 2011. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meeting held during the year	Number of meeting attended
Dr. Cheng Chi Pang *(Chairman)*	2	2
Mr. Ng Wai Hung	2	1
Mr. Cui Shi Wei	2	2

The written terms of reference of the Audit Committee was revised on 26 March 2012 to comply with the revised code provisions in Appendix 14 to the Listing Rules with effect from 1 April 2012.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the CG Code on 10 June 2006. The Remuneration Committee consists of three independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei. Mr. Cui Shi Wei is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to review and determine and then to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. During the year ended 31 December 2011, one meeting of the Remuneration Committee was held. The Remuneration Committee has reviewed and determined the identity of senior management and the payment of bonuses to staff of the Group for the financial year ended 31 December 2010. The Remuneration Committee has also given recommendations to the Board in respect of reviewing current emolument payable to the Directors, the emolument policy and long-term incentive schemes of the Group. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meeting held during the year	Number of meeting attended
Mr. Cui Shi Wei *(Chairman)*	1	1
Mr. Ng Wai Hung	1	1
Dr. Cheng Chi Pang	1	1

The written terms of reference of the Remuneration Committee was revised on 26 March 2012 to comply with the revised code provisions in Appendix 14 to the Listing Rules with effect from 1 April 2012.

ACCOUNTABILITY AND AUDITOR'S REMUNERATION

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, other price-sensitive announcements and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the accounts and to make the above assessments.

For the year ended 31 December 2011, the remuneration payable/paid to RSM Nelson Wheeler, the external auditor of the Company, is set out as follows:

Services rendered	Fees payable/paid RMB'000
Audit services	571
Non-audit services	124
Total	695

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the accounts for the year under review.

The external auditor of the Company acknowledges its reporting responsibilities in the independent auditor's report on the consolidated financial statements for the year under review.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to facilitate effective and efficient operations, to safeguard assets, to prevent and detect fraud and error, and to ensure the quality and timely preparation of internal and external reporting and compliance with applicable laws and regulations. The management of the Group has dedicated to improve the efficiency of accounting and financial reporting. During the year under review, the Board has reviewed, through the external auditor, the effectiveness of the internal control system (covering accounting and financial reporting, operational and compliance controls and risk management functions), and annual and semi-annual budget of the Group.

The Company has maintained a tailored governance structure with clear lines of responsibility and appropriate delegation of responsibility and authority to the senior management, who are accountable for the conduct and performance of the respective business divisions under their supervision.

The Chairman and executive Directors review monthly reports on the financial results and project progress of each business. Monthly management meetings are held to review business performance against budgets and risk management strategies. Any major variances are highlighted for investigation and control purposes.

There are established guidelines and procedures for the approval and control of expenditures. The aim is to keep the expenditure level in line with the annual budget and within the cost budget of an approved project. Expenditures are subject to overall budget control with approval levels set by reference to the level of responsibility of each manager. Depending on the nature and value, procurement of certain goods and services are required to go through the tendering process. No individual in the Group, irrespective of their rank and position, are allowed to dominate the entire expenditure process from commitment to payment.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company enhances investor relations and communications by setting up meetings with the investment community. The Company also responds to requests for information and queries from the investment community through the attendance by the executive Directors and designated senior management. The Board is committed to providing clear and full information of the Company to shareholders through despatching the Group's interim and annual reports, circulars, notices, financial reports to shareholders as and when appropriate.

The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders in the manner prescribed under the Articles of Association and the Listing Rules and such notice is also published on both the Stock Exchange's website (http://www.hkexnews.hk) and the Investor Relations Section of our Company's website (http://www.fortune-sun.com). The chairman of the meeting and Directors will answer questions on the Company's business at the annual general meeting. External auditor of the Company will also attend the annual general meeting.

The written terms of shareholders' communication policy, and procedures for shareholders to propose a person for election as a director, have also been adopted on 26 March 2012 to comply with the revised code provisions in Appendix 14 to the Listing Rules with effect from 1 April 2012.

Pursuant to Article 72 of the Articles of Association and the Listing Rules, any vote of shareholders at a general meeting of the Company must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Details of the procedures for conducting a poll will be included in the relevant circulars to shareholders and explained during the proceedings of meetings.

Poll results will be published on both the Stock Exchange's website (http://www.hkexnews.hk) and the Investor Relations Section of our Company's website (http://www.fortune-sun.com) following any shareholders' meeting.

MATERIAL UNCERTAINTIES OF THE GROUP'S ABILITY TO CONTINUE AS A GOING CONCERN

The external auditor has expressed a disclaimer of opinion relating to preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2011 due to fundamental uncertainties as set out in pages 33 to 34 of this annual report.

RSM! Nelson Wheeler
中瑞岳華（香港）會計師事務所
Certified Public Accountants

TO THE SHAREHOLDERS OF
FORTUNE SUN (CHINA) HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Fortune Sun (China) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 84, which comprise the consolidated and Company statements of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Because of the matters as described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION

Material uncertainty relating to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to the owners of the Company of approximately RMB28,164,000 and had net cash outflow from operating activities of approximately RMB1,068,000 for the year ended 31 December 2011. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on how accurate the directors are in estimating all the Assumptions as mentioned in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that would result from the failure to achieve the Assumptions. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the Assumptions, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

26 March 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Revenue	7	**19,075**	33,727
Business tax and other levies		**(1,053)**	(1,755)
Cost of services rendered		**(31,297)**	(40,043)
Gross loss		**(13,275)**	(8,071)
Other income	8	**296**	9,568
Operating and administrative expenses		**(16,142)**	(15,180)
Loss from operations		**(29,121)**	(13,683)
Finance cost – loan interest		**(880)**	(20)
Loss before tax		**(30,001)**	(13,703)
Income tax credit	10	**1,837**	4,188
Loss for the year attributable to owners of the Company	11	**(28,164)**	(9,515)
		RMB cents	RMB cents
Loss per share	14		
Basic		**(14.05)**	(4.75)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
Loss for the year	**(28,164)**	(9,515)
Other comprehensive income:		
Exchange differences on translating foreign operations	**(188)**	(130)
Other comprehensive income for the year, net of tax	**(188)**	(130)
Total comprehensive income for the year attributable to owners of the Company	**(28,352)**	(9,645)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	15	**2,499**	3,361
Investment properties	16	**3,897**	3,990
Golf club membership		**291**	291
Available-for-sale financial assets	18	**1,500**	1,500
		8,187	9,142
Current assets			
Trade receivables	19	**17,448**	29,155
Trade deposits	20	**17,995**	28,980
Prepayments and other deposits		**2,042**	3,653
Other receivables	21	**18,584**	19,745
Current tax assets		**–**	344
Bank and cash balances	22	**13,204**	17,203
		69,273	99,080
Current liabilities			
Accruals and other payables		**8,510**	7,083
Other loan	23	**–**	10,000
		8,510	17,083
Net current assets		**60,763**	81,997

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Total assets less current liabilities		**68,950**	91,139
Non-current liabilities			
Other loan	23	**8,000**	–
Deferred tax liabilities	24	**4,247**	6,084
		12,247	6,084
NET ASSETS		**56,703**	85,055
Capital and reserves			
Share capital	25	**20,644**	20,644
Reserves		**36,059**	64,411
TOTAL EQUITY		**56,703**	85,055

Approved by the Board of Directors on 26 March 2012

Chang Hsiu Hua
Director

Han Lin
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	15	**128**	181
Investments in subsidiaries	17	**103**	103
		231	284
Current assets			
Prepayments and deposits		**143**	117
Amounts due from subsidiaries	17	**42,297**	44,905
Bank and cash balances		**455**	1,667
		42,895	46,689
Current liabilities			
Accruals and other payables		**642**	861
Amount due to a subsidiary	17	**3,080**	3,545
		3,722	4,406
Net current assets		**39,173**	42,283
NET ASSETS		**39,404**	42,567
Capital and reserves			
Share capital	25	**20,644**	20,644
Reserves	26	**18,760**	21,923
TOTAL EQUITY		**39,404**	42,567

Approved by the Board of Directors on 26 March 2012

Chang Hsiu Hua
Director

Han Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company							
	Share capital	Share premium (note 26(c)(i))	Merger reserve (note a)	Reserve fund (note b)	Share-based payment reserve (note 26(c)(ii))	Foreign currency translation reserve (note 26(c)(iii))	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	20,644	40,433	14,554	16,621	4,440	(2,107)	(22)	94,563
Total comprehensive income for the year	–	–	–	–	–	(130)	(9,515)	(9,645)
Share options lapsed after vesting period	–	–	–	–	(265)	–	265	–
Share-based payments	–	–	–	–	137	–	–	137
Changes in equity for the year	–	–	–	–	(128)	(130)	(9,250)	(9,508)
At 31 December 2010	20,644	40,433	14,554	16,621	4,312	(2,237)	(9,272)	85,055
At 1 January 2011	20,644	40,433	14,554	16,621	4,312	(2,237)	(9,272)	85,055
Total comprehensive income for the year	–	–	–	–	–	(188)	(28,164)	(28,352)
Share options lapsed after vesting period	–	–	–	–	(116)	–	116	–
Changes in equity for the year	–	–	–	–	(116)	(188)	(28,048)	(28,352)
At 31 December 2011	20,644	40,433	14,554	16,621	4,196	(2,425)	(37,320)	56,703

Note:

a. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the aggregate of share capital and share premium of Millstone Developments Limited ("Millstone") acquired pursuant to the Group reorganisation in 2006.

b. The reserve fund is set up by way of appropriation from the profit after tax in accordance with the relevant laws and regulations in the PRC. The rate of appropriation to the reserve fund is subject to the decision of the board of directors of PRC subsidiaries, but the minimum appropriation rate is 10% of the profit after tax for each year, until when the accumulated balance reaches 50% of its registered capital. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the reserve fund can be used in setting off accumulated losses or to increase the capital of this subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(30,001)**	(13,703)
Adjustments for:		
Interest income	**(227)**	(138)
Interest expense	**880**	–
Depreciation of property, plant and equipment	**932**	789
Depreciation of investment properties	**93**	84
Gain on disposals of property, plant and equipment	**(21)**	–
Written off of property, plant and equipment	**28**	4
Gain on disposals of investment properties	**–**	(805)
Allowance for/(reversal of) impairment of trade deposits	**930**	(1,603)
Allowance for/(reversal of) impairment of trade receivables	**1,520**	(3,183)
Reversal of impairment of other receivables	**(144)**	–
Written off of other receivables	**–**	161
Equity-settled share-based payments	**–**	137
Operating loss before working capital changes	**(26,010)**	(18,257)
Decrease in trade receivables	**10,187**	21,522
Decrease in trade deposits	**10,055**	7,591
Decrease in prepayments and other deposits	**1,611**	463
Decrease in other receivables	**1,318**	6,946
Increase/(decrease) in accruals and other payables	**1,427**	(18,115)
Cash (used in)/generated from operations	**(1,412)**	150
Income tax refunded/(paid)	**344**	(344)
Net cash used in operating activities	**(1,068)**	(194)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(120)**	(1,817)
Purchases of investment properties	**–**	(179)
Proceeds from disposals of property, plant and equipment	**33**	–
Proceeds from disposals of investment properties	**–**	1,910
Purchase of available-for-sale financial assets	**–**	(1,500)
Interest received	**227**	138
Net cash generated from/(used in) investing activities	**140**	(1,448)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of other loan	**(10,000)**	–
Inception of other loan	**8,000**	10,000
Interest paid	**(883)**	–
Net cash (used in)/generated from financing activities	**(2,883)**	10,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(3,811)**	8,358
Effect of foreign exchange rate changes	**(188)**	(130)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**17,203**	8,975
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**13,204**	17,203
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**13,204**	17,203

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Suite 1511, 15th Floor, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and its head office is located at Units 05-10, Level 21, China Insurance Building, No. 166 Lujiazui East Road, Pudong New District, Shanghai 200120, the People's Republic of China (the "PRC"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 July 2006.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to the owners of the Company of approximately RMB28,164,000 and had net cash outflow from operating activities of approximately RMB1,068,000 for the year ended 31 December 2011. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In light of these conditions, the directors have prepared a cash flow forecast for the next twelve months from 31 December 2011 (the "Cash Flow Forecast") based on the key underlying assumptions (the "Assumptions") which include the followings:

(i) there will be timely repayment schedules from the property developers on the trade deposits as well as the estimated agency income;

(ii) the directors will adopt a series of cost control measures to reduce various cost of services; and

(iii) the directors will dispose of all of the investment properties of the Group when required.

Based on the results of the Cash Flow Forecast, the directors are of the opinion that the Group is able to generate sufficient cash flows from its operations and are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to generate sufficient cash flows in accordance with the Cash Flow Forecast, the Group might not be able to continue its business as a going concern. Accordingly, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on basis of dividends received and receivable.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars ("HK$").

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Furniture and fixtures	3 to 5 years
Computers	3 to 5 years
Leasehold improvements	Over their expected useful lives, or over the unexpired period of the lease, if shorter
Motor vehicles	5 years

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost to the residual value over its estimated useful life of 35 to 40 years or the lease term after taking into account a residual value of 10%, if shorter.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(e) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(f) Golf club membership

Golf club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the golf club membership has suffered an impairment loss.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Recognition and derecognition of financial instruments *(Continued)*

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(h) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Unlisted equity securities

Investments in unlisted equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Trade deposits

Trade deposits are required to be placed with property developers as security for the continuing performance of the Group under the relevant agency contracts. These deposits will be refunded when the Group is compliant with the prescribed terms in the underlying agency contracts.

The deposits can be forfeited if the Group fails to achieve the prescribed terms in some underlying agency contracts. At the end of each reporting period, an assessment of the performance of each property service assignment will be made. An impairment against the trade deposit will be made, on an individual basis, when the prescribed terms in the agency contracts are unlikely to be attained, within the timeframe specified in the underlying contracts, taking into consideration of current market conditions. This impairment is determined based on the present value of the estimated future cash flows that will be released when the Group is compliant with the prescribed terms in the agency contract and the deposit becomes refundable unconditionally.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Income from comprehensive property consultancy and sales agency service projects is recognised when:

(i) the property developer and property purchasers enter into the relevant sale and purchase agreement; and

(ii) if required, all ancillary services as stipulated in the agency contracts have been rendered; and

(iii) the service is substantially ascertained to the satisfaction of the property developer.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition *(Continued)*

Income from property consultancy service projects is recognised when the services rendered by the Group reach the relevant stages as specified in the contracts and the property developers have an obligation to pay for the services. The relevant stages as stipulated in the contracts include the followings:

(i) Completion of a property development consultancy report on a project which includes a land search report, analysis of the investment return, feasibility study and/or advice on the project planning and design;

(ii) Completion of a marketing planning report on a project which includes advice on the market positioning of the relevant properties and/or representing the customer to undertake the project negotiation; and

(iii) Completion of a promotion planning report on a project which includes sales strategies, suggesting selling prices and plans for sales promotion for the relevant properties.

Interest income is recognised on a time-proportion basis using the effective interest method.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(r) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Related parties *(Continued)*

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(s) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except golf club membership, investments, receivables and trade deposits to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Impairment of assets *(Continued)*

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements apart from those involving estimations, which are dealt with below.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and investment properties and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment and investment properties. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment and investment properties of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables and trade deposits, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and trade deposits and doubtful debt expenses in the year in which such estimate has been changed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

(c) Impairment of assets

Internal and external sources of information are reviewed by the Group at the end of reporting period to assess whether there is any indication that property, plant and equipment and investment properties may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect income statement in future years.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables and trade deposits included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that services are rendered to customers with an appropriate credit history.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit period granted to customers for trade receivables generally ranges from one to three months. The refund of trade deposits is in accordance with the terms of the underlying agency agreements. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. In order to minimise the credit risk, management of the Group has designated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts on a regular basis. In addition, the Group reviews the recoverable amount of each individual trade receivable and trade deposit regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk to its trade receivables and trade deposits as the Group's largest customer shared 57% (2010: 57%) of the trade receivables and trade deposits at the end of reporting period.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and trade deposits are set out in notes 19 and 20 respectively.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of the payables in its daily operations and its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and appropriate level of liquid assets to meet its liquidity requirements in the short and longer term.

As mentioned in note 2, the Group's ability to meet its financial obligations when they fall due is dependent upon the sustainability of the Cash Flow Forecast with the underlying Assumptions. The directors are satisfied that the Group will be able to meet in full their financial obligations as and when they fall due in the foreseeable future.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**
At 31 December 2011				
Other loan	**1,064**	**1,064**	**9,042**	**–**
Accruals and other payables	**8,510**	**–**	**–**	**–**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2010				
Other loan	11,047	–	–	–
Accruals and other payables	7,083	–	–	–

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and other loan. These bank deposits and other loan bear interests at variable rates varied with the then prevailing market condition.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments

	2011 RMB'000	2010 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**67,757**	95,728
Available-for-sale financial assets	**1,500**	1,500
Financial liabilities:		
Financial liabilities at amortised cost	**16,510**	17,083

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

The Group's revenue which represents income from provision of services is as follows:

	2011 RMB'000	2010 RMB'000
Comprehensive property consultancy and sales agency service projects	**15,381**	32,287
Pure property planning and consultancy service projects	**3,694**	1,440
	19,075	33,727

8. OTHER INCOME

	2011 RMB'000	2010 RMB'000
Interest income	**227**	138
Gain on disposals of investment properties	**–**	805
Gain on disposals of property, plant and equipment	**21**	–
Reversal of impairment of trade receivables	**–**	3,183
Reversal of impairment of trade deposits	**–**	1,603
Compensation income	**–**	2,520
Sundry income	**48**	1,319
	296	9,568

9. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has carried on a single business in a single geographical location, 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. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Revenue from major customers

	2011 RMB'000	2010 RMB'000
Customer a	**8,019**	5,255
Customer b	**2,150**	–
Customer c	**1,906**	–
Customer d	**1,670**	–
Customer e	**–**	6,808
Customer f	**–**	4,936
Customer g	**–**	3,251

10. INCOME TAX CREDIT

	2011	2010
	RMB'000	RMB'000
Current tax – PRC enterprise income tax	**–**	–
Deferred tax (note 24)	**(1,837)**	(4,188)
Income tax credit	**(1,837)**	(4,188)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2010: RMB Nil).

Tax charge on profits assessable has 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.

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007 introduced various changes which included the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law was effective from 1 January 2008.

According to the Notice on the implementation Rules of the Grandfathering Relief under the PRC New Corporate Income Tax Law, Guofa (2007) No. 39 issued on 26 December 2007 by the State Council, the transitional treatment for the preferential enterprise income tax rate of 15% under the old laws, applicable to the foreign-invested enterprises registered in Pudong New District of Shanghai is 18% in 2008 and the applicable tax rate shall gradually increase from 18% to 25% from 2008 to 2012. The directors are confident that the Grandfathering Relief Ruling is also applicable to both Shanghai Fu Yang Property Consultant Co., Ltd ("Shanghai Fortune Sun") and Cornerstone Investment Management & Consultancy Co., Limited ("Cornerstone"). Accordingly, Shanghai Fortune Sun and Cornerstone are subject to 24% (2010: 22%) PRC enterprise income tax during the year. No PRC enterprise income tax is required since all the PRC subsidiaries have no assessable profit for the year (2010: RMB Nil).

10. INCOME TAX CREDIT *(Continued)*

The reconciliation between the income tax credit and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2011 **RMB'000**	2010 RMB'000
Loss before tax	**(30,001)**	(13,703)
Tax at the domestic income tax rate of 24% (2010: 22%)	**(7,200)**	(3,014)
Tax effect of income that is not taxable	**(60)**	(1,594)
Tax effect of expenses that are not deductible	**1,393**	679
Tax effect of tax losses not recognised	**3,860**	124
Tax effect of utilisation of tax losses not previously recognised	**–**	(889)
Difference in deferred tax liabilities arising from the change of tax rate	**170**	506
Income tax credit	**(1,837)**	(4,188)

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2011 **RMB'000**	2010 RMB'000
Auditor's remuneration	**571**	587
Depreciation of property, plant and equipment	**932**	789
Depreciation of investment properties	**93**	84
Exchange gain, net	**(124)**	(185)
Gain on disposals of investment properties	**–**	(805)
Gain on disposals of property, plant and equipment	**(21)**	–
Written off of property, plant and equipment	**28**	4
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	**8,789**	8,904
– Retirement benefits scheme contributions	**1,948**	2,010
– Equity-settled share-based payments	**–**	137
Operating lease charges on land and buildings	**2,595**	4,136
Written off of other receivables	**–**	161
Allowance for/(reversal of) impairment		
– Trade receivables	**1,520**	(3,183)
– Trade deposits	**930**	(1,603)
– Other receivables	**(144)**	–

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each Director were as follows:

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of executive Directors					
Mr. Chiang Chen Feng	**–**	**792**	**–**	**–**	**792**
Ms. Chang Hsiu Hua	**–**	**558**	**–**	**–**	**558**
Mr. Han Lin	**–**	**324**	**60**	**–**	**384**
Name of non-executive Director					
Ms. Lin Chien Ju	**150**	**–**	**–**	**–**	**150**
Name of independent non-executive Directors					
Mr. Ng Wai Hung	**134**	**–**	**–**	**–**	**134**
Mr. Cui Shi Wei	**145**	**–**	**–**	**–**	**145**
Dr. Cheng Chi Pang	**145**	**–**	**–**	**–**	**145**
Total for 2011	**574**	**1,674**	**60**	**–**	**2,308**
Name of executive Directors					
Mr. Chiang Chen Feng	–	803	–	3	806
Ms. Chang Hsiu Hua	–	570	–	3	573
Mr. Han Lin	–	337	53	57	447
Name of non-executive Director					
Ms. Lin Chien Ju	150	–	–	3	153
Name of independent non-executive Directors					
Mr. Ng Wai Hung	138	–	–	3	141
Mr. Cui Shi Wei	149	–	–	3	152
Dr. Cheng Chi Pang	149	–	–	3	152
Total for 2010	586	1,710	53	75	2,424

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2010: Nil).

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals in the Group during the year included 2 (2010: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2010: 3) individuals are set out below:

	2011 RMB'000	2010 RMB'000
Fees, salaries, bonus and allowances	**1,694**	1,786
Equity-settled shared-based payments	**–**	18
Retirement benefit scheme contributions	**62**	66
	1,756	1,870

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
Nil to HK$1,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately RMB3,092,000 (2010: loss of RMB2,329,000) which has been dealt with in the financial statements of the Company.

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB28,164,000 (2010: RMB9,515,000) and the weighted average number of ordinary shares of 200,470,000 (2010: 200,470,000) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 December 2011 and 2010.

15. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Furniture and fixtures RMB'000	Computers RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2010	540	1,757	1,385	2,706	6,388
Additions	8	233	1,016	560	1,817
Written off	(40)	(17)	(248)	–	(305)
Exchange differences	(3)	(2)	(9)	–	(14)
At 31 December 2010 and 1 January 2011	505	1,971	2,144	3,266	7,886
Additions	18	102	–	–	120
Written off	(7)	(151)	–	–	(158)
Disposals	–	–	–	(120)	(120)
Exchange differences	(3)	(2)	(11)	–	(16)
At 31 December 2011	513	1,920	2,133	3,146	7,712
Accumulated depreciation					
At 1 January 2010	474	1,313	1,385	879	4,051
Charge for the year	17	187	164	421	789
Written off	(40)	(13)	(248)	–	(301)
Exchange differences	(3)	(2)	(9)	–	(14)
At 31 December 2010 and 1 January 2011	448	1,485	1,292	1,300	4,525
Charge for the year	13	138	335	446	932
Written off	(6)	(124)	–	–	(130)
Disposals	–	–	–	(108)	(108)
Exchange differences	(3)	(2)	(1)	–	(6)
At 31 December 2011	452	1,497	1,626	1,638	5,213
Carrying amount					
At 31 December 2011	61	423	507	1,508	2,499
At 31 December 2010	57	486	852	1,966	3,361

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Company			
	Furniture and fixtures RMB'000	Computers RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost				
At 1 January 2010	99	59	257	415
Additions	8	–	203	211
Written off	(40)	(10)	(248)	(298)
Exchange differences	(3)	(2)	(9)	(14)
At 31 December 2010 and 1 January 2011	64	47	203	314
Additions	16	8	–	24
Exchange differences	(3)	(2)	(11)	(16)
At 31 December 2011	77	53	192	322
Accumulated depreciation				
At 1 January 2010	99	58	257	414
Charge for the year	2	–	29	31
Written off	(40)	(10)	(248)	(298)
Exchange differences	(3)	(2)	(9)	(14)
At 31 December 2010 and 1 January 2011	58	46	29	133
Charge for the year	3	1	63	67
Exchange differences	(3)	(2)	(1)	(6)
At 31 December 2011	58	45	91	194
Carrying amount				
At 31 December 2011	19	8	101	128
At 31 December 2010	6	1	174	181

16. INVESTMENT PROPERTIES

	Group		
	Land RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At 1 January 2010	2,079	2,058	4,137
Additions	796	388	1,184
Disposals	(626)	(568)	(1,194)
At 31 December 2010, 1 January 2011 and 31 December 2011	2,249	1,878	4,127
Accumulated depreciation			
At 1 January 2010	68	74	142
Charge for the year	43	41	84
Disposals	(44)	(45)	(89)
At 31 December 2010 and 1 January 2011	67	70	137
Charge for the year	51	42	93
At 31 December 2011	118	112	230
Carrying amount			
At 31 December 2011	2,131	1,766	3,897
At 31 December 2010	2,182	1,808	3,990

16. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties at their carrying amounts are analysed as follows:

	2011	2010
	RMB'000	RMB'000
Outside Hong Kong:		
Long-term leases	**1,841**	1,886
Medium-term leases	**2,056**	2,104
	3,897	3,990

All investment properties are located in the PRC. The Group has no addition or disposal of investment properties during the year. In the year ended 31 December 2010, the Group disposed of four of its investment properties with a carrying value of approximately RMB1,105,000 at a consideration of approximately RMB1,910,000 resulting in a total gain of approximately RMB805,000 on disposals.

An independent professionally qualified valuer, Asset Appraisal Limited, is of the opinion that, had the Group's investment properties been carried at their fair values, the amounts would be approximately RMB8,822,000 (2010: RMB7,650,000). Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in recent locations. Valuations were based on an open market basis.

As at 31 December 2011, all the investment properties had been pledged as security for the Group's other loan amounted to RMB8,000,000 (2010: RMB Nil) in note 23 to the consolidated financial statements.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	RMB'000	RMB'000
Unlisted investments, at cost	**497**	497
Less: impairment losses	**(394)**	(394)
	103	103

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at 31 December 2011 are as follows:

Name	Place of incorporation and date of incorporation	Issued/ registered and fully paid capital	Attributable equity interests	Principal activities
Directly held:				
Millstone	British Virgin Islands ("BVI"), 29 October 2002	100,000 ordinary shares of US$1 each	100%	Investment holding
Eco Home Investment Company Limited	BVI, 5 July 2006	50,000 ordinary shares of US$1 each	100%	Investment holding
Fortune Sun Assets Management Company Limited	BVI, 19 March 2008	1 ordinary share of US$1	100%	Not yet commenced business
Indirectly held:				
Shanghai Fortune Sun (note a)	PRC, 11 April 1997	US$7,500,000 registered capital	100%	Property consultancy and agency services providing for the primary property market in the PRC
Cornerstone (note b)	PRC, 26 September 2005	US$200,000 registered capital	100%	Provision of property consultancy agency and services and fund management in the PRC
Shanghai Yang Shi Enterprise Development Company Limited ("Shanghai Yang Shi") (note c)	PRC, 9 September 2009	RMB2,000,000 registered capital	100%	Property consultancy and agency services providing for the primary property market in the PRC

Note:

(a) Shanghai Fortune Sun is a wholly-owned foreign enterprise established in the PRC.

(b) Cornerstone is a sino-foreign equity joint venture established in the PRC.

(c) Shanghai Yang Shi is a limited liability company established in the PRC.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2011	2010
	RMB'000	RMB'000
Unlisted investment, at cost	**1,500**	1,500

The above unlisted investment represents the Group's 3% equity interest in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd., a private entity established in the PRC.

Unlisted investment with carrying amount of RMB1,500,000 is carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

19. TRADE RECEIVABLES

	Group	
	2011	2010
	RMB'000	RMB'000
Trade receivables	**22,506**	32,693
Less: Allowance for impairment	**(5,058)**	(3,538)
	17,448	29,155

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

19. TRADE RECEIVABLES *(Continued)*

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

	2011 **RMB'000**	2010 RMB'000
Within 90 days	**3,408**	5,964
Between 91 to 180 days	**2,013**	1,899
Between 181 to 365 days	**4,052**	4,702
Between 1 to 2 years	**6,205**	10,808
Over 2 years	**1,770**	5,782
	17,448	29,155

Movement in the allowance for impairment of trade receivables is as follows:

	2011 **RMB'000**	2010 RMB'000
At 1 January	**3,538**	6,721
Allowance/(reversal) for the year	**1,520**	(3,183)
At 31 December	**5,058**	3,538

At the end of the reporting period, the Group reviewed receivables for evidence of impairment on both an individual and collective basis. As at 31 December 2011, the Group had determined trade receivables of approximately RMB5,058,000 (2010: RMB3,538,000) as individually impaired. The impaired trade receivables are due from the individual customers which are experiencing financial difficulties and are in default or delinquency of payments.

The carrying amounts of the Group's trade receivables are denominated in RMB.

19. TRADE RECEIVABLES *(Continued)*

As of 31 December 2011, trade receivables of approximately RMB14,040,000 (2010: RMB23,191,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2011	2010
	RMB'000	RMB'000
Up to 3 months	**2,013**	1,899
4 to 9 months	**4,052**	4,702
10 to 21 months	**6,205**	10,808
More than 21 months	**1,770**	5,782
	14,040	23,191

Trade receivables that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Except for the gross balance of approximately RMB6,089,000 (2010: RMB13,403,000) in which the customer used their properties as collateral for the balance due to the Group and the Group becomes the first (2010: second) mortgagee against the properties, the Group does not hold any collateral over the remaining balances.

20. TRADE DEPOSITS

	Group	
	2011	2010
	RMB'000	RMB'000
Trade deposits	**23,583**	33,638
Less: Allowance for impairment	**(5,588)**	(4,658)
	17,995	28,980

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.

20. TRADE DEPOSITS *(Continued)*

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 the Group's trade deposits (net of allowance for impairment) at the end of the reporting period is as follows:

	2011	2010
	RMB'000	RMB'000
Within 90 days	**–**	17
Between 91 and 180 days	**–**	258
Between 181 and 365 days	**–**	637
Between 1 to 2 years	**417**	891
Between 2 to 3 years	**833**	17,726
Over 3 years	**16,745**	9,451
	17,995	28,980

Movement in the allowance for impairment of trade deposits is as follows:

	2011	2010
	RMB'000	RMB'000
At 1 January	**4,658**	6,261
Allowance/(reversal) for the year	**930**	(1,603)
At 31 December	**5,588**	4,658

At the end of the reporting period, the Group reviewed the trade deposits for evidence of impairment on both an individual and collective basis. As at 31 December 2011, the Group had determined trade deposits of approximately RMB5,588,000 (2010: RMB4,658,000) as individually impaired. The impaired trade deposits are due from the individual developers which are experiencing financial difficulties and are in default or delinquency of payments.

20. TRADE DEPOSITS *(Continued)*

As of 31 December 2011, trade deposits of approximately RMB10,000,000 (2010: RMB112,000) were past due but not impaired. The ageing analysis of these trade deposits is as follows:

	2011	2010
	RMB'000	RMB'000
Up to 3 months	**10,000**	86
4 to 9 months	**–**	–
9 months or above	**–**	26
	10,000	112

Trade deposits that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Except for the gross balance of RMB20,000,000 (2010: RMB20,000,000) in which the customer used their properties as collateral for the balance due to the Group and the Group becomes the first (2010: second) mortgagee against the properties, the Group does not hold any collateral over the remaining balances.

21. OTHER RECEIVABLES

Included in other receivables is the shareholder's loan to Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. of RMB14,500,000 (2010: RMB14,500,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

22. BANK AND CASH BALANCES

As at 31 December 2011, the Group's bank and cash balances included short-term bank deposits amounted to RMB7,000,000 (2010: RMB12,000,000). The deposits are in RMB and at a fixed interest rate of 5.73% (2010: 2.97%) p.a. and therefore are subject to fair value interest rate risk.

As at 31 December 2011, the bank and cash balances of the Group denominated in RMB amounted to approximately RMB12,460,000 (2010: RMB14,939,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

22. BANK AND CASH BALANCES *(Continued)*

Analysis of the bank and cash balances denominated in the presentation currency and the currencies other than the presentation currency is as follows:

	2011 RMB'000	2010 RMB'000
RMB	**12,460**	14,939
United States dollar	**77**	81
HK$	**667**	2,183
	13,204	17,203

23. OTHER LOAN

As at 31 December 2011, the other loan from an unrelated company is denominated in RMB, interest-bearing at a floating interest rate based on twice of the benchmark interest rate for RMB loans of the same periods from financial institutions announced by the People's Bank of China, thus exposes the Group to cash flow interest rate risk, and will be repayable on or before December 2014. The other loan is secured by the Group's investment properties disclosed in note 16 to the consolidated financial statements.

As at 31 December 2010, the other loan from an unrelated company was denominated in RMB, interest-bearing at a fixed interest rate of 10.62% p.a., thus exposed the Group to fair value interest rate risk, and was repayable on or before December 2011. The other loan as at 31 December 2010 was unconditional guaranteed by an independent third party and was fully settled during the year.

24. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group.

	Uninvoiced revenue RMB'000	Uninvoiced expenses RMB'000	Total RMB'000
At 1 January 2010	10,627	(355)	10,272
Charge/(credit) to profit or loss for the year (note 10)			
– origination and reversal of temporary differences	(4,650)	(44)	(4,694)
– changes in tax rates	543	(37)	506
At 31 December 2010 and 1 January 2011	6,520	(436)	6,084
Charge/(credit) to profit or loss for the year (note 10)			
– origination and reversal of temporary differences	(1,852)	(155)	(2,007)
– changes in tax rates	195	(25)	170
At 31 December 2011	4,863	(616)	4,247

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

	Group	
	2011 RMB'000	2010 RMB'000
Deferred tax liabilities	**4,863**	6,520
Deferred tax assets	**(616)**	(436)
	4,247	6,084

At the end of the reporting period the Group had unused tax losses of approximately RMB57,406,000 (2010: RMB41,320,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

24. DEFERRED TAX *(Continued)*

At 31 December 2011, the Group's tax losses will expire in the following years:

	2011 RMB'000	2010 RMB'000
In 2016	**16,086**	–
In 2015	**787**	787
In 2014	**24,486**	24,486
In 2013	**15,065**	15,065
In 2012	**982**	982
	57,406	41,320

Under the enterprise income tax law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As the PRC subsidiaries have incurred losses since 2008, no deferred taxation has been provided for in the consolidated income statement in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries.

25. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value HK$'000	 RMB'000
Authorised:			
Ordinary shares of HK$0.1 each			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	200,470	20,047	20,644

25. SHARE CAPITAL *(Continued)*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves).

It is the Group's strategy to keep the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The only externally imposed capital requirement is that for the Company to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

26. RESERVES *(Continued)*

(b) Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2010	40,433	4,440	(6,996)	(13,251)	24,626
Share-based payments	–	137	–	–	137
Currency translation differences	–	–	(511)	–	(511)
Share options lapsed after vesting period	–	(265)	–	265	–
Loss for the year	–	–	–	(2,329)	(2,329)
At 31 December 2010	40,433	4,312	(7,507)	(15,315)	21,923
At 1 January 2011	40,433	4,312	(7,507)	(15,315)	21,923
Currency translation differences	–	–	(71)	–	(71)
Share options lapsed after vesting period	–	(116)	–	116	–
Loss for the year	–	–	–	(3,092)	(3,092)
At 31 December 2011	40,433	4,196	(7,578)	(18,291)	18,760

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

26. RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(ii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(o) to the consolidated financial statements.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

A pre-IPO share option scheme (the “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 to the Stock Exchange.

A post-IPO share option scheme (the “Share Option Scheme”) was also 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 empower the directors of the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme remains in force for a period of 10 years commencing from 10 June 2006.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under the share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders’ approval in a general meeting.

27. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

On 12 March 2008, options to subscribe for an aggregate of 6,000,000 shares of the Company have been granted by the Company to the existing directors and certain key employees of the Group under the Share Option Scheme. 50% of share options have an exercise period from 12 March 2009 to 11 March 2018 ("Share Option 1") and the remaining share options have an exercise period from 12 March 2010 to 11 March 2018 ("Share Option 2").

No share option was exercised in 2011 and 2010.

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$
Pre-IPO Share Option Scheme	10.6.2006	5.7.2006 to 4.7.2007	5.7.2007 to 4.7.2016	0.795
Share Option 1	12.3.2008	12.3.2008 to 11.3.2009	12.3.2009 to 11.3.2018	1.12
Share Option 2	12.3.2008	12.3.2008 to 11.3.2010	12.3.2010 to 11.3.2018	1.12

If the options remain unexercised after a period of ten years from the date of grant, the options will expire. Options are forfeited if the employee leaves the Group before the options exercise.

27. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the share options outstanding during the year are as follows:

	2011		2010	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at beginning of the year	**8,140,000**	**0.983**	8,720,000	0.982
Forfeited during the year	**(200,000)**	**1.120**	(580,000)	0.963
Outstanding at end of the year	**7,940,000**	**0.980**	8,140,000	0.983
Exercisable at end of the year	**7,940,000**	**0.980**	8,140,000	0.983

The options outstanding at end of the year have a weighted average remaining contractual life of 5.6 years (2010: average life of 6.6 years) and the exercise prices range from HK$0.795 to HK$1.12 (2010: HK$0.795 to HK$1.12). No options were granted in 2011 and 2010.

The Group recognised the total expenses of RMB Nil for year ended 31 December 2011 (2010: approximately RMB137,000) in relation to share options granted by the Company.

28. LEASE COMMITMENTS

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**2,161**	2,252	**395**	438
In the second to fifth years inclusive	**1,000**	2,640	**212**	621
	3,161	4,892	**607**	1,059

The Group and the Company lease a number of properties under operating leases. The leases run for an initial period from 1 to 5 years, with an option to renew the lease and renegotiate the terms at the expiry date or dates as mutually agreed between the Group and the Company and respective landlords/lessors. None of the leases include contingent rentals.

29. CONTINGENT LIABILITIES

At 31 December 2011, the Group did not have any significant contingent liabilities (2010: RMB Nil).

30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2012.

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements of the Company, is as follows:

	Year ended 31 December				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**19,075**	33,727	54,300	23,005	97,942
(Loss)/Profit for the year attributable to owners of the Company	**(28,164)**	(9,515)	(11,815)	(48,265)	22,646

	At 31 December				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Total assets	**77,460**	108,222	130,033	135,754	176,897
Total liabilities	**20,757**	23,167	35,470	30,203	20,309
Total equity	**56,703**	85,055	94,563	105,551	156,588

Summary of Major Properties

Investment Properties Held

Descriptions	Total gross floor areas (sq.m.)	Nature of Property	Attributable interest of the Group	Category of lease
1. Underground Room No. 302 of Block No. 1, and Underground Room No. 101, South Tower of Block No. 2 of Chao Yang Jie Zuo, No. 134 Yuan Shifoying East Lane, Chanyang District, Beijing, the PRC	approximately 227.32 sq.m (area of the underground rooms)	Residential	100%	Long-term
2. Units Nos. 201 & 202 of Block No. 301 and Bicycle Parking Space No. 50 of Xiang Di Ya Jing, No. 1028 Renmin West Road, Haimen City, Jiangsu Province, the PRC	approximately 276.58 sq.m	Residential and bicycle parking	100%	Long-term
3. Rooms Nos. 29 and 30 on Level 8 of Jiu Wu Business Mansion, No. 598 Jiangnan Road, Science and Technology Park District, Ningbo City, Zhejiang Province, the PRC	approximately 176.90 sq.m	Office	100%	Medium-term
4. Car Parking Spaces Nos. 199 and 200, Basement Level 1, Jiu Wu Business Mansion, No. 19 Lane 328 Yangmuqi Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC	approximately 29.60 sq.m	Car parking	100%	Long-term
5. Shop No. 39, Tian Ci Liang Yuan, No. 39 Lane 55 Qingfeng Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	approximately 79.19 sq.m	Shop	100%	Medium-term
6. Car Parking Spaces Nos. 11, 12, 13 and 14, Basement Level 1, Tian Ci Liang Yuan, No. 53 Lane 55 Qingfeng Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	approximately 60.36 sq.m	Car parking	100%	Long-term