

Interim Report 2013



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

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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

CORPORATE INFORMATION

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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 FCPA, FCCA, 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 ADVISER

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

www.fortune-sun.com



The board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with the comparative figures in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	3	15,248	15,965
Business tax and other levies		(555)	(344)
Cost of services rendered		(12,617)	(9,184)
Gross profit		2,076	6,437
Other income		429	4,924
Operating and administrative expenses		(7,015)	(6,321)
(Loss)/profit from operations		(4,510)	5,040
Finance cost – loan interest		(477)	(531)
(Loss)/profit before tax		(4,987)	4,509
Income tax expense	4	–	(2,322)
(Loss)/profit for the period attributable to owners of the Company	5	(4,987)	2,187
(Loss)/earnings per share	7	RMB cents	RMB cents
Basic		(2.5)	1.1
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	(4,987)	2,187
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(46)	(78)
Other comprehensive income for the period, net of tax	(46)	(78)
Total comprehensive income for the period attributable to owners of the Company	(5,033)	2,109



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

	Note	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	1,533	1,983
Investment properties	9	3,756	3,803
Golf club membership		291	291
Available-for-sale financial assets		1,500	1,500
		7,080	7,577
Current assets			
Trade receivables	10	16,136	15,536
Trade deposits	11	12,588	14,909
Prepayments and other deposits		795	668
Other receivables	12	19,324	20,497
Bank and cash balances		12,366	13,833
		61,209	65,443
Current liabilities			
Accruals and other payables		5,196	4,894
Net current assets			
		56,013	60,549
Total assets less current liabilities			
		63,093	68,126
Non-current liabilities			
Other loan	13	8,000	8,000
Deferred tax liabilities		4,247	4,247
		12,247	12,247
NET ASSETS			
		50,846	55,879
Capital and reserves			
Share capital	14	20,644	20,644
Reserves		30,202	35,235
TOTAL EQUITY			
		50,846	55,879

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Attributable to owners of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Reserve fund RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2012 (Audited)	20,644	40,433	14,554	16,621	4,196	(2,425)	(37,320)	56,703
Total comprehensive income for the period	-	-	-	-	-	(78)	2,187	2,109
Share options lapsed after vesting period	-	-	-	-	(460)	-	460	-
Changes in equity for the period	-	-	-	-	(460)	(78)	2,647	2,109
At 30 June 2012 (Unaudited)	20,644	40,433	14,554	16,621	3,736	(2,503)	(34,673)	58,812
At 1 January 2013 (Audited)	20,644	40,433	14,554	16,621	3,736	(2,433)	(37,676)	55,879
Total comprehensive income for the period	-	-	-	-	-	(46)	(4,987)	(5,033)
Changes in equity for the period	-	-	-	-	-	(46)	(4,987)	(5,033)
At 30 June 2013 (Unaudited)	20,644	40,433	14,554	16,621	3,736	(2,479)	(42,663)	50,846



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(1,346)	(1,692)
NET CASH GENERATED FROM INVESTING ACTIVITIES	171	95
NET CASH USED IN FINANCING ACTIVITIES	(246)	(280)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(46)	(78)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,467)	(1,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,833	13,204
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	12,366	11,249
Bank and cash balances	12,366	11,249



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements should be read in conjunction with the 2012 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2012 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years except as stated below.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

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

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

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

b. HKFRS 13 "Fair Value Measurement"

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.

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

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects	14,511	13,789
Pure property planning and consultancy service projects	737	2,176
	15,248	15,965

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

The accounting policies of the operating segment are same as those described in the Group's consolidated financial statements for the year ended 31 December 2012 except as stated in note 2 to the condensed consolidated interim financial statements.

4. INCOME TAX EXPENSE

Income tax expense represents:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Deferred tax	-	(2,322)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong for the period under review (six months ended 30 June 2012: RMB Nil).

Tax charge on profits assessable elsewhere 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.

No PRC enterprise income tax has been made in the interim financial statements as the relevant group entities incurred a loss or utilised the tax losses brought forward for the period under review (six months ended 30 June 2012: RMB Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

5. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Auditor's remuneration		
– Current	177	203
– Under-provision in prior years	–	64
	177	267
Interest income	(171)	(95)
Depreciation of property, plant and equipment	438	432
Depreciation of investment properties	47	47
Exchange loss/(gain), net	17	(72)
Loss on disposals of property, plant and equipment	11	–
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	6,339	6,332
– Retirement benefits scheme contributions	946	948
	7,285	7,280
Operating lease charges on land and buildings	1,399	1,364
Allowance for/(reversal of allowance)		
– Trade receivables	848	(1,660)
– Trade deposits	24	(2,197)
– Other receivables	–	(893)
	872	(4,750)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2012: RMB Nil).

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB4,987,000 (six months ended 30 June 2012: profit of RMB2,187,000) and the weighted average number of ordinary shares of 200,470,000 (six months ended 30 June 2012: 200,470,000) in issue during the period.

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary share during the period ended 30 June 2013 (six months ended 30 June 2012: RMB Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group did not acquire property, plant and equipment (six months ended 30 June 2012: RMB2,000) and disposed of property, plant and equipment with carrying amount of approximately RMB121,000 (six months ended 30 June 2012: RMB Nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

9. INVESTMENT PROPERTIES

	Land RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At 1 January 2012 (Audited), 31 December 2012 (Audited) and 30 June 2013 (Unaudited)	2,249	1,878	4,127
Accumulated depreciation			
At 1 January 2012 (Audited)	118	112	230
Charge for the year	51	43	94
At 31 December 2012 (Audited) and 1 January 2013 (Audited)	169	155	324
Charge for the period	26	21	47
At 30 June 2013 (Unaudited)	195	176	371
Carrying amount			
At 30 June 2013 (Unaudited)	2,054	1,702	3,756
At 31 December 2012 (Audited)	2,080	1,723	3,803



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

9. INVESTMENT PROPERTIES *(Continued)*

All investment properties are located in the PRC. During the period under review, the Group had no addition or disposal of investment properties (six months ended 30 June 2012: Nil).

The Board is of the opinion that, had investment properties been carried at their fair values, the amounts would not be less than the stated carrying amounts as at 30 June 2013. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

As at 30 June 2013, all the investment properties had been pledged as security for the Group's other loan amounted to RMB8,000,000 (31 December 2012: RMB8,000,000) in note 13 to the condensed consolidated interim financial statements.

10. TRADE RECEIVABLES

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade receivables	20,055	18,607
Less: Allowance for trade receivables	(3,919)	(3,071)
	16,136	15,536

Allowance for trade receivables is made after the directors have considered the timing and probability of the collection.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

10. TRADE RECEIVABLES (Continued)

The average credit period granted to trade customers is 90 days. The ageing analysis of the Group's trade receivables, based on the billing summary, and net of allowance for trade receivables is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0 to 90 days	5,921	7,351
91 to 180 days	5,789	3,142
181 to 365 days	2,051	1,079
1 to 2 years	1,042	2,347
Over 2 years	1,333	1,617
	16,136	15,536

11. TRADE DEPOSITS

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade deposits	16,981	19,278
Less: Allowance for trade deposits	(4,393)	(4,369)
	12,588	14,909



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

11. TRADE DEPOSITS (Continued)

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.

Allowance for trade deposits is made after the directors have considered the timing of the collection.

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0 to 90 days	27	1,251
91 to 180 days	52	97
181 to 365 days	1,226	–
1 to 2 years	95	–
2 to 3 years	231	235
Over 3 years	10,957	13,326
	12,588	14,909

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

12. OTHER RECEIVABLES

Included in other receivables is the shareholder's loan to Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. of approximately RMB18,677,000 (31 December 2012: RMB18,677,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

13. OTHER LOAN

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 loan of the same period 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 9 to the condensed consolidated interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

14. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value	
		HK\$'000	RMB'000
Authorised			
Ordinary shares of HK\$0.1 each			
At 31 December 2012			
(Audited) and 30 June 2013			
(Unaudited)	2,000,000	200,000	206,000
Issued and fully paid			
Ordinary shares of HK\$0.1 each			
At 31 December 2012			
(Audited) and 30 June 2013			
(Unaudited)	200,470	20,047	20,644

15. OPERATING LEASE COMMITMENTS

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	2,595	1,115
In the second to fifth years inclusive	1,694	67
	4,289	1,182

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Fees	281	283
Basic salaries and other allowances	857	963
Retirement benefits scheme contributions	35	32
Total compensation paid to key management personnel	1,173	1,278

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2013 (31 December 2012: RMB Nil).

18. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the Board of Directors on 26 August 2013.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2013, the Chinese government continued to impose austerity measures on the property sector, which included the extension of property taxes, stringent implementation of restriction on property purchases and mortgages, imposition of individual income tax on housing stock transactions and introduction of the “State Council’s Five New Measures” (新國五條) in order to achieve the property price control target for the year. However, the effectiveness of “State Council’s Five New Measures” (新國五條) on the property market may only be short-term. Consequent to the introduction of the policy, the first half year continued to witness an increase in transaction volume for the urban residential property market, an overall increase in property prices in major cities, and increase in both land transaction volume and prices for the land market. According to the National Bureau of Statistics of China, from January to June 2013, the gross floor area of properties completed in China increased by 6.3% year-on-year, with an increased growth rate of 1.0%. The gross floor area of residential properties completed increased by 2.7% compared with the corresponding period of 2012. The commodity housing salable area in China increased by 28.7% year-on-year, of which the residential properties salable area (in gross floor area) increased by 30.4%. The sales amount of commodity housing in China increased by 43.2% year-on-year, of which the sales amount of residential properties increased by 46.0%. The Real Estate Climate Index in China increased from 95.59 at the end of 2012 to 97.29 at the end of June 2013.

In face of the central government’s continuous effort in imposing stringent property austerity measures, the primary property sales agency markets in Mainland China encountered intense competition, which led to a sustained drop in average sales agency commission rates. For the six months ended 30 June 2013, the Group recorded an unaudited revenue of approximately RMB15,248,000, representing a decrease of approximately 4.5% as compared with the unaudited revenue of approximately RMB15,965,000 in the first half year of 2012. Although the Group continued to focus on cost control, in particular on its marketing expenses, in the first half year, average service costs still increased due to market competition. As a result, the gross profit margin of the Group during the period under review decreased by 26.7% to approximately 13.6% (for the six months ended 30 June 2012: approximately 40.3%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

During the period under review, the Group did not have any reversal of impairment losses made in prior years against certain trade receivables, trade deposits and other receivables as a result of several bad debts recovery (for the six months ended 30 June 2012: approximately RMB4,750,000). Hence, the unaudited other income was approximately RMB429,000 (for the six months ended 30 June 2012: approximately RMB4,924,000). For the six months ended 30 June 2013, the unaudited loss attributable to the owners of the Company was approximately RMB4,987,000 (for the six months ended 30 June 2012: profit of approximately RMB2,187,000).

During the period under review, most of the Group's recorded revenue was generated from projects in Hubei Province, followed by Jiangsu Province and Jiangxi Province, which represented approximately 62.7%, 14.2% and 12.0% of the Group's total revenue respectively. On a comparative basis, in the first half year of 2012, the Group's recorded revenue was mainly generated from projects in Shanghai, followed by Jiangsu Province and Hubei Province, which represented approximately 51.2%, 23.4% and 17.4% of total revenue, respectively.

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services to the primary residential and commercial property markets in China. During the six months ended 30 June 2013, the Group managed 15 operating projects (for the six months ended 30 June 2012: 20 projects) in total, 12 of which were comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2012: 16 projects). The total gross floor area of the underlying properties sold by the Group acting as the agent for the comprehensive property consultancy and sales agency service projects were approximately 145,000 square metres (for the six months ended 30 June 2012: 149,000 square metres).



MANAGEMENT DISCUSSION AND ANALYSIS

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS *(Continued)*

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects were approximately RMB14,511,000 (for the six months ended 30 June 2012: approximately RMB13,789,000), representing approximately 95.2% of the unaudited total revenue of the Group during the period under review (for the six months ended 30 June 2012: 86.4%).

As at 30 June 2013, the Group had 27 comprehensive property consultancy and sales agency service projects on hand (30 June 2012: 25 projects) with total unsold gross floor area of approximately 2,505,000 square metres (30 June 2012: approximately 3,809,000 square metres). As at 30 June 2013, among the 27 projects, sales of the underlying properties of 12 projects had not commenced.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

From January to June of 2013, the area of new housing construction in China increased slightly by about 3.8%, with an increased growth rate of 2.8%, of which the area of new residential housing construction increased by 2.9%. However, the area of land purchased by real estate development enterprises decreased by 10.4% year-on-year. During the period under review, the Group also strived for the sustainable development of its pure property planning and consultancy business. For the six months ended 30 June 2013, the Group provided property planning and consultancy business services for three (for the six months ended 30 June 2012: four) revenue generating property development projects, and recorded an aggregate revenue of approximately RMB737,000 (for the six months ended 30 June 2012: approximately RMB2,176,000) in pure planning and consultancy, representing approximately 4.8% of the unaudited total revenue of the Group (for the six months ended 30 June 2012: approximately 13.6%).



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

After hiking for nearly three months, the property transaction volume and price trend in China had started to slow down since May 2013. Looking forward into the second half of 2013, the property market trend may continue to be affected primarily by the macroeconomic environment, austerity policies by the central government and the layout of the property market itself.

Since the second quarter of 2013, the decrease in money supply and the outflow of capital had led to tightened liquidity situation in Mainland China. In light of the macroeconomic downturn, the standing committee of the State Council had clearly stated their intention in implementing a healthy monetary policy and maintaining reasonable total money supply. The market speculates that the future financial market in the PRC will continue to face a tight liquidity situation, with the total fund flow dropping moderately. With regards to austerity measures imposed by the central government, the market expects the central government to further expand the regional coverage of property tax piloting programs. The control towards many major cities, in particular first-tier cities, will be further tightened and such stringent control may intensify the prudent market sentiment in the first-tier city markets. According to the property market housing stock statistics as of the end of June, high housing stock level was only evident in the third and fourth-tier cities with commodity housing stock level in most of cities decreasing year-on-year. The Group is of the view that the aforementioned factors may obstruct the growth in sales volume of Mainland China's property market in the second half of 2013.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK *(Continued)*

In addition, transaction statistics in the property market revealed the transaction area of commodity residential housing in first-tier cities in the first half year to increase by 29% year-on-year, and the transaction area in typical second-tier cities to increase by 56%, which in turn suggested that differentiated housing and rigid property demand had remained the main drivers for China's property market. The Group expects supply shortage in residential properties in future will drive the rigid demand in the middle and low-end market, with relatively better market performance in the third and fourth-tier cities. Therefore, the Group will maintain its existing strategies of focusing primarily on the development in the third and fourth-tier cities and will position the ordinary commodity housing as its main marketing products. It is expected that in the second half year of 2013, the Group will maintain a prudent and stable development. While continuing to closely monitor the state policy direction and changing industry trend, the Group will continue to expand on the development, consultancy and sales agency business of primary residential and commercial properties, and strive to improve the future profitability of the Group through cost control and other measures.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had unaudited net current assets of approximately RMB56.013 million (31 December 2012: approximately RMB60.549 million), unaudited total assets of approximately RMB68.289 million (31 December 2012: approximately RMB73.020 million) and unaudited shareholders' funds of approximately RMB50.846 million (31 December 2012: approximately RMB55.879 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 13.37 as at 31 December 2012 to 11.78 as at 30 June 2013.

As at 30 June 2013, the unaudited bank and cash balances of the Group amounted to approximately RMB12.366 million (31 December 2012: approximately RMB13.833 million).



MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS AND CHARGE ON ASSETS

The Group had a long term borrowing of RMB8.000 million as at 30 June 2013 (31 December 2012: RMB8.000 million) which is interest-bearing at floating rates and will mature in December 2014 and is secured by the investment properties of the Group with carrying amount of approximately RMB3.756 million as at 30 June 2013 (31 December 2012: approximately RMB3.803 million).

The Group had no bank borrowings or overdrafts as at 30 June 2013 (31 December 2012: RMB Nil).

As at 30 June 2013, the Group's gearing ratio (calculated on the basis of total borrowings over total equity) had slightly increased from 14.32% as at 31 December 2012 to 15.73% as at 30 June 2013, which was mainly due to the decrease in total equity resulted from the loss generated from operating activities during the period under review.

FOREIGN EXCHANGE RISKS

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



MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST RATE RISKS

The long term borrowing of the Group of RMB8.000 million as at 30 June 2013 is interest-bearing at floating rates based on the benchmark interest rate for RMB loans of the same period as announced by the People's Bank of China. During the six months ended 30 June 2013, the People's Bank of China maintained the benchmark interest rate for three-year RMB loans at 6.15% per annum. The Group's exposure to interest rate risks mainly stemmed from fluctuations of the borrowing rates for the Group's borrowing. The Group currently does not have an interest rate hedging policy. However, the management continuously monitors the interest rate risks posed to the Group and will consider hedging significant interest rate risks should the need arise.

MAJOR INVESTMENTS

For the six months ended 30 June 2013, save for the Group's continuing investment in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. and the investment properties held by the Group as set out in note 9 to the condensed consolidated interim financial statements, no other significant investment was held by the Group. As at the date of this interim report, save for the above investments, the Group has no future plans for material investments or capital assets.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2013 (31 December 2012: RMB Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2013 (31 December 2012: RMB Nil).

STAFF AND EMOLUMENT POLICY

As at 30 June 2013, the Group had a total of 208 staff (31 December 2012: 213 staff).

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, comparable market statistics and state policies and are reviewed regularly.



DISCLOSURE OF INTERESTS

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 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and 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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of 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)
Ms. Lin Chien Ju ("Ms. Lin")	The Company	Interest of a controlled corporation (Note 4)	36,352,050 Ordinary Shares (L)	18.13%
		Beneficial owner (Note 5)	100,000 Ordinary Shares (L)	0.05% (Note 12)

DISCLOSURE OF INTERESTS

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

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
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)



DISCLOSURE OF INTERESTS

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

Notes:

1. The letter "L" denotes the Directors' long position in the shares ("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.

DISCLOSURE OF INTERESTS

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

Notes: (Continued)

8. The long position of Ms. Chang in these 1,500,000 Shares comprised the 550,000 options and 750,000 options granted to her and her husband, Mr. Chiang, respectively, by the Company under the Pre-IPO Share Option Scheme, and 100,000 options granted to her and 100,000 options granted to Mr. Chiang by the Company under the Share Option Scheme 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 207,380,000 Shares of the Company in issue as at 30 June 2013, assuming that all the then outstanding options granted under the Pre-IPO Share Option Scheme and Share Option Scheme had been exercised as at that date.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2013, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage of 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%
Ms. 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%

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(Continued)*

Name of shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Ms. Yvette Therese Ma	Interest of spouse (Note 5)	16,248,300 Ordinary Shares (L)	8.11%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.11%
Ms. Sharon Young	Interest of spouse (Note 6)	16,248,300 Ordinary Shares (L)	8.11%
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%



DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(Continued)*

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 Chien Ju, a non-executive Director. 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 was deemed to be interested in all the Shares in which Mr. Ho Hau Chong, Norman, her spouse, was interested by virtue of the SFO.
6. Ms. Sharon Young was deemed to be interested in all the Shares in which Mr. Ho Hau Hay, Hamilton, her spouse, 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.



DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(Continued)*

Notes: *(Continued)*

8. Mr. Chu Yao-Jen was deemed to be interested in all the Shares in which Ms. Hsieh, his spouse, was interested by virtue of the SFO.

9. Mr. Chen Chin Chuan was deemed to be interested in all the Shares in which Mrs. Chen Hsu Li-Mei, his spouse, was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2013, no person (other than a Director or chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES

A pre-IPO share option scheme (“Pre-IPO Share Option Scheme”) was adopted pursuant to the written resolutions 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 share 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.



DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES (Continued)

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme and Share Option Scheme for the six months ended 30 June 2013 were as follows:

Category of participant	Number of shares in respect of share options					Date of grant	Exercise period	Closing price of the Shares on the trading day immediately before the date of grant	
	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2013			Exercise price per Share HK\$	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				



DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES (Continued)

Number of shares in respect of share options

Category of participant	Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2013	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\$
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	810,000	-	-	-	810,000	10/06/2006	05/07/2007 to 04/07/2016	0.795	N/A
	750,000	-	-	-	750,000	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	750,000	-	-	-	750,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	2,310,000	-	-	-	2,310,000				
	6,910,000	-	-	-	6,910,000				

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES *(Continued)*

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 (including the Pre-IPO Share Option Scheme) 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 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.

As at the date of this report, options granted under the Share Option Scheme to subscribe for 4,050,000 Shares, and options granted under the Pre-IPO Share Option Scheme to subscribe for 2,860,000 Shares, representing approximately 2.02% and 1.43% of the issued share capital of the Company at the date respectively, remained outstanding.



OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 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 (上海可上房產諮詢有限公司) (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.



OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES (Continued)

(i) (Continued)

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 was accounted for as trade deposits and amounted to RMB13.78 million as of 30 June 2013 (31 December 2012: RMB15.98 million).

OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

(Continued)

(i) *(Continued)*

As the amount of the Security Deposit represented approximately 20.18% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 30 June 2013, the Company's general disclosure obligation of certain particulars of the Security Deposit as prescribed under Rule 13.20 of the Listing Rules arose.

(ii) With reference to the announcement of the Company dated 27 August 2010 in relation to the acquisition of 3% interest in the entire registered capital of Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. ("Hengda Jiangsu"), a limited liability company established in the PRC on 9 July 2010 with fully paid up registered capital of RMB50,000,000, a joint investment agreement ("Joint Investment Agreement") dated 27 August 2010 was entered into by the Group with the other existing shareholders of Hengda Jiangsu. Pursuant to the Joint Investment Agreement, the Group and the parties thereto shall severally provide to Hengda Jiangsu unsecured, non-interest bearing shareholders' loan for an aggregate sum of RMB669,875,050 (the "Shareholders' Loan"), out of which the Group has committed to provide RMB14,500,000 in total for the purposes of financing the acquisition and joint development of two pieces of land located in Yancheng City, Jiangsu Province, the PRC.



OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES (Continued)

(ii) (Continued)

Reference is also made to the announcement of the Company dated 27 April 2012. By a supplemental agreement dated 27 April 2012 entered into between Shanghai Fortune Sun, 上海中邑投資管理諮詢有限公司 (Shanghai Zhongyi Investment Management Consultancy Co., Ltd.) and Hengda Jiangsu, Shanghai Fortune Sun agreed to pay an additional amount of the Shareholders' Loan in the sum of RMB4,177,139.05 to Hengda Jiangsu on the basis of, among others, the pro rata shareholding interests of Shanghai Fortune Sun in Hengda Jiangsu.

The Shareholders' Loan contributed by Shanghai Fortune Sun amounting in aggregate to RMB18,677,139.05 is unsecured, interest free and has no fixed terms of repayment. The Shareholders' Loan is accounted for as other receivable as of 30 June 2013 and 31 December 2012 respectively.

As the amount of the Shareholders' Loan represents approximately 27.35% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 30 June 2013, the Company's general disclosure obligation of certain particulars of the Shareholders' Loan as prescribed under Rule 13.20 of the Listing Rules arose.

PURCHASE, SALE 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 six months ended 30 June 2013.



OTHER INFORMATION

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as 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.

CORPORATE GOVERNANCE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules. Save for the deviation from code provision A.2.1 of the CG Code, the Directors are not aware of any information which would reasonably indicate that the Company was not in compliance with the code provisions set out in the CG Code during the six months ended 30 June 2013.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be segregated and should not be performed by the same individual. For the period under review, the Company did not have a separate chairman and chief executive, with Mr. Chiang Chen Feng performing these two roles. The Board believes that vesting both the roles of chairman and chief executive in the same person has the benefit of ensuring consistent leadership within the Group, and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.



OTHER INFORMATION

MODEL CODE FOR 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 as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors, and all Directors have confirmed that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the six months ended 30 June 2013. The interests held or deemed to be held by individual Directors in the Company's securities as at 30 June 2013 are set out on pages 30 to 33.

REVIEW OF ACCOUNTS

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

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 including the accounting, internal control and financial reporting issues. In carrying out this review, the Audit Committee has relied on a review conducted by the Company's external auditor in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.



OTHER INFORMATION

REVIEW OF ACCOUNTS *(Continued)*

At the request of the Directors, the Company's external auditor, RSM Nelson Wheeler, has carried out a review on the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 were approved by the Board on 26 August 2013.

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

Hong Kong, 26 August 2013

