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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)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY FIVE SHARES HELD ON THE RECORD DATE;**
- (2) APPLICATION FOR WHITEWASH WAIVER; AND**
- (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$34.5 million but not more than approximately HK\$35.1 million, before expenses, by way of a rights issue of not less than 40,596,000 Rights Shares but not more than 41,196,000 Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$0.85 per Rights Share.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every five (5) existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$32.2 million but not more than approximately HK\$32.8 million after deduction of all estimated expenses. The Group intends to apply the net proceeds from the Rights Issue for the use of the existing comprehensive property consultancy and sales agency business, potential establishment of an apartment rental platform in the PRC, general working capital and/or future investment opportunities should suitable opportunities become available. As at the date of this announcement, the Group has not identified any specific acquisition target.

As at the date of this announcement, the Underwriter, the controlling Shareholder, owns 71,820,850 Shares, representing approximately 35.38% of the existing issued share capital of the Company. Pursuant to the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company, among other things, that (a) 71,820,850 Shares will remain registered in the name of the Underwriter or its nominee from the date of the Underwriting Agreement to the Record Date; (b) it will accept and take up its provisional entitlement of 14,364,170 Rights Shares in full under the Rights Issue with payment by no later than the Latest Acceptance Date; (c) it will procure Ms. Chang to accept and take up her provisional entitlement of 80,000 Rights Shares in full under the Rights Issue with payment by no later than the Latest Acceptance Date; (d) it will not, and will procure the other members of the Underwriter Concert Group not to, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of (or create any right in respect of) or acquire any Shares (including the exercise of any outstanding Share Options by Mr. Chiang or Ms. Chang) or any interests therein, except for (i) taking up Rights Shares provisionally allotted to any member of the Underwriter Concert Group pursuant to the Rights Issue, and (ii) taking up Underwritten Shares pursuant to the Underwriting Agreement or taking up excess Rights Shares by submitting EAFs or otherwise acquiring Shares in circumstances that is permitted under the Whitewash Waiver and in compliance with the Listing Rules, the Takeovers Code and/or the conditions (if any) attached to the Whitewash Waiver granted and on the basis that such dealing does not render any information submitted to the Stock Exchange and/or the SFC to become untrue, inaccurate or misleading (whether by omission or otherwise). Save for those Rights Shares which are to be taken up under the Irrevocable Undertakings, the Rights Issue is fully underwritten by the Underwriter. As at the date of this announcement, Upwell Assets beneficially owns 36,352,050 Shares, representing approximately 17.91% of the issued share capital of the Company. Pursuant to the UA Undertaking Letter, Upwell Assets has irrevocably undertaken to the Company, among other things, that (a) 36,352,050 Shares will remain registered in the name of Upwell Assets or its nominee until the Record Date; (b) it will accept and take up its provisional entitlement of 7,270,410 Rights Shares in full under the Rights Issue with payment by no later than the Latest Acceptance Date; and (c) it will not, and will procure the other members of the UA Concert Group not to, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of (or create any right in respect of) or acquire any Shares (including the exercise of any outstanding Share Options by Ms. Lin) or any interests therein, except for (i) taking up Rights Shares provisionally allotted to any member of the UA Concert Group pursuant to the Rights Issue; and (ii) acquiring nil-paid Rights Shares or taking up excess Rights Shares by submitting EAFs or otherwise acquiring Shares in circumstances which do not contravene the Listing Rules and/or the Takeovers Code and do not render any information submitted to the Stock Exchange and/or the SFC untrue, inaccurate or misleading (whether by omission or otherwise).

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment and/or waiver (as applicable) of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled and/or waived (as applicable) will bear the risk that the Rights Issue could not become unconditional and may not proceed. The Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATIONS

Since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 7.19(6) of the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil paid and fully-paid forms.

As the Underwriter is a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules. As the Company will make arrangements for the Qualifying Shareholders to apply for Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1) of the Listing Rules, Rule 7.21(2) of the Listing Rules will be complied with and the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER

The Underwriter is solely and ultimately beneficially owned by Mr. Chiang, the Chairman, executive Director and the controlling Shareholder, and Ms. Chang, an executive Director, is the spouse of Mr. Chiang. As at the date of this announcement, each of the Underwriter and Ms. Chang is interested in approximately 35.38% and 0.20% of the existing issued share capital of the Company respectively. In the event that the Underwriter is called upon to subscribe for the Underwritten Shares pursuant to its obligations under the Underwriting Agreement and/or the Underwriter Concert Group takes up any excess Rights Shares pursuant to application accepted by the Company, the aggregate interest of the Underwriter Concert Group may increase by more than 2% from approximately 35.58% to up to approximately 43.33% (assuming that no outstanding Share Options are exercised and no other Shares are allotted or issued on or before the Record Date). Accordingly, the underwriting by the Underwriter of the Underwritten Shares and/or the application of any excess Rights Shares by the Underwriter Concert Group under the Rights Issue may trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter Concert Group, unless a waiver is granted by the Executive, and the Whitewash Waiver is approved by the Independent Shareholders.

The Underwriter will make an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the EGM by way of poll in accordance with the requirements of the Takeovers Code.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Rights Issue will not proceed.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof at the EGM. The non-executive Director, namely Ms. Lin, has not been included in the Independent Board Committee as she is interested in the UA Undertaking Letter by virtue of her shareholding interest in Upwell Assets. The appointment of Grand Vinco Capital Limited as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

A circular containing, among other things, further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and a notice of EGM are expected to be despatched to the Shareholders on or around 22 September 2015.

Upon passing of the necessary resolution(s) by the Independent Shareholders at the EGM approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, the Prospectus Documents will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus (without PAL or EAF) to the Non-Qualifying Shareholders (if any) and, if required by the terms and conditions of the Share Option Schemes, to the respective holders of the Share Options, for their information only.

PROPOSED RIGHTS ISSUE

The Board announces that the Rights Issue is proposed with the terms set out as follows:

Rights Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the date of this announcement	:	202,980,000 Shares
Minimum number of Rights Shares	:	40,596,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Maximum number of Rights Shares	:	41,196,000 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options held by the holders of the Share Options (other than those under the Irrevocable Undertakings) on or before the Latest Lodging Date, but otherwise no Shares are issued or repurchased on or before the Record Date) (<i>Note</i>)

Subscription Price	:	HK\$0.85 per Rights Share with nominal value of HK\$0.10 each
Underwriter	:	Active Star Investment Limited
Minimum enlarged issued share capital of the Company upon completion of the Rights Issue	:	243,576,000 Shares (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the completion of the Rights Issue)
Maximum enlarged issued share capital of the Company upon completion of the Rights Issue	:	247,176,000 Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options held by the holders of the Share Options (other than those under the Irrevocable Undertakings) on or prior to the Latest Lodging Date, but otherwise no Shares (other than the Rights Shares) are issued or repurchased on or before the completion of the Rights Issue) (<i>Note</i>)

Note:

As at the date of this announcement, there are 4,200,000 Share Options outstanding (conferring rights to subscribe for 4,200,000 new Shares), of which an aggregate of 1,200,000 Share Options will not be exercised on or before the Record Date pursuant to the Irrevocable Undertakings. Assuming no further grant of Share Options by the Company and full exercise of all outstanding Share Options held by the holders of the Share Options (other than those under the Irrevocable Undertakings) on or before the Latest Lodging Date, an additional 600,000 Rights Shares would be issued by the Company.

The minimum number of 40,596,000 nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents (i) 20.00% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the completion of the Rights Issue. Taking into account the estimated expenses in connection with the Rights Issue of approximately HK\$2.3 million and on the basis of 40,596,000 Rights Shares, the net price per Rights Share is expected to be approximately HK\$0.79.

The maximum number of 41,196,000 nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents (i) approximately 20.30% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options held by the holders of the Share Options (other than those under the Irrevocable Undertakings) on or prior to the Latest Lodging Date, but otherwise no Shares (other than the Rights Shares) are issued or repurchased on or before the completion of the Rights Issue. Taking into account the estimated expenses in connection with the Rights Issue of approximately HK\$2.3 million and on the basis of 41,196,000 Rights Shares, the net price per Rights Share is expected to be approximately HK\$0.79.

As at the date of this announcement, save for the outstanding Share Options as detailed above, the Company has no other outstanding derivatives, options, warrants or conversion rights in issue or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every five (5) existing Shares in issue and held by the Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Acceptance Date.

Subscription Price

The Subscription Price, being HK\$0.85 per Rights Share, is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of the Rights Shares and, where applicable, applies for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 28.57% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 28.09% to the average closing price of HK\$1.182 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;
- (c) a discount of approximately 28.39% to the average closing price of HK\$1.187 per Share as quoted on the Stock Exchange for the ten consecutive trading days ended on the Last Trading Day; and
- (d) a discount of approximately 24.78% to the theoretical ex-rights price of approximately HK\$1.13 per Share based on the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined based on arm's length negotiations between the Company and the Underwriter with reference to the recent closing prices of the Shares, the financial conditions of the Company and the current market conditions.

The Board (excluding the Independent Board Committee whose opinion will be set forth in the circular after having been advised by the independent financial adviser in this regard) considers the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of the Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 16 October 2015.

Holders of the Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Schemes and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before 4:30 p.m. on Friday, 16 October 2015.

Qualifying Shareholders who take up their pro rata entitlements in full under the Rights Issue will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of Overseas Shareholders

Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

The Directors will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that/those place(s), the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of nil-paid Rights Shares or allotment of Rights Shares will be made to them. Further information in this connection will be set out in the Prospectus. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus (without PAL or EAF) to the Non-Qualifying Shareholders for their information only on the Prospectus Posting Date. The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Cayman Islands.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares on the Stock Exchange commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of HK\$100 or above will be paid pro rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application on the EAF by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares and who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up the Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of the Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be sold by the Company in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregate fractions of nil-paid Rights Shares will be made available for excess application on the EAF by the Qualifying Shareholders. No odd lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for:

- (a) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (c) any unsold aggregate fractions of nil-paid Rights Shares.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders and only by completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the time which is currently expected to be 4:00 p.m. on Monday, 9 November 2015 or such later time as may be agreed between the Company and the Underwriter. Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of the Rights Shares in that jurisdiction.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No preference will be given to topping up odd lots to whole board lots. Shareholders who have been offered odd lots of the Rights Shares should note that there is no guarantee that such odd lots of the Rights Shares will be topped up to create whole board lots pursuant to applications for excess Rights Shares. No reference will be made to the Rights Shares comprised in applications by PAL or the existing number of Shares held by the Qualifying Shareholders.

Investors with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save and except the beneficial owner(s) which the Company shall permit in its absolute discretion. Investors with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) on or prior to the Record Date.

Investors whose Shares are held by their nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Friday, 16 October 2015.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

Application for listings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be in board lots of 2,000 Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the Registrar, will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment and/or waiver (as applicable) of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 17 November 2015. Applicant(s) will receive one share certificate for all the Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 17 November 2015 by ordinary post to the applicants at their own risk.

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date : 1 September 2015 (after trading hours)

Underwriter : Active Star Investment Limited, an investment holding company wholly owned by Mr. Chiang, the Chairman, an executive Director and the controlling Shareholder. As at the date of this announcement, the Underwriter is interested in 71,820,850 Shares, representing approximately 35.38% of the issued share capital of the Company. The Underwriter does not underwrite issues of securities in its ordinary course of business.

Number of the Underwritten Shares : Not less than 18,881,420 Rights Shares (representing approximately 9.30% of the existing issued share capital of the Company) and not more than 19,481,420 Rights Shares (representing approximately 9.60% of the existing issued share capital of the Company), being all Rights Shares under the Rights Issue other than those Rights Shares to be taken up under the Irrevocable Undertakings

Underwriting Commission : Nil

The Board (excluding the Independent Board Committee whose opinion will be set forth in the circular after having been advised by the independent financial adviser in this regard) considers the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated or rescinded in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled and/or waived (as applicable):

- (a) the passing at the EGM of ordinary resolutions to approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver by the Independent Shareholders by way of poll in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (b) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);
- (d) the filing and registration of all documents relating to the Rights Issue, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and, where necessary, the filing of all documents relating to the Rights Issue, which are required to be filed with the Registrar of Companies in the Cayman Islands in accordance with the Companies Law of the Cayman Islands;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders;
- (f) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (g) compliance with and performance by Upwell Assets of all of its obligations and the undertakings under the UA Undertaking Letter.

Neither the Company nor the Underwriter may waive the conditions (a) to (e) above. The Underwriter may waive the conditions (f) and (g) above. If the conditions above are not satisfied and/or waived (to the extent such condition is capable of being waived) in whole or in part by the Underwriter by the Latest Acceptance Date or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of certain rights and obligations under the Underwriting Agreement) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Irrevocable undertakings

As at the date of this announcement, (i) the Underwriter beneficially owns 71,820,850 Shares, representing approximately 35.38% of the issued share capital of the Company, and does not hold any outstanding Share Options; (ii) Mr. Chiang is personally interested in 850,000 Share Options; and (iii) Ms. Chang beneficially owns 400,000 Shares, representing approximately 0.20% of the issued share capital of the Company, and is also personally interested in 250,000 Share Options. Pursuant to the terms of the Underwriting Agreement, the Underwriter has irrevocably undertaken to the Company, among other things, that (a) 71,820,850 Shares will remain registered in the name of the Underwriter or its nominee from the date of the Underwriting Agreement to the Record Date; (b) it will accept and take up its provisional entitlement of 14,364,170 Rights Shares in full under the Rights Issue with payment by no later than the Latest Acceptance Date; (c) it will procure Ms. Chang to accept and take up her provisional entitlement of 80,000 Rights Shares in full under the Rights Issue with payment by no later than the Latest Acceptance Date; (d) it will not, and will procure the other members of the Underwriter Concert Group not to, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of (or create any right in respect of) or acquire any Shares (including the exercise of any outstanding Share Options by Mr. Chiang or Ms. Chang) or any interests therein, except for (i) taking up Rights Shares provisionally allotted to any member of the Underwriter Concert Group pursuant to the Rights Issue, and (ii) taking up Underwritten Shares pursuant to the Underwriting Agreement or taking up excess Rights Shares by submitting EAFs or otherwise acquiring Shares in circumstances that is permitted under the Whitewash Waiver and in compliance with the Listing Rules, the Takeovers Code and/or the conditions (if any) attached to the Whitewash Waiver granted and on the basis that such dealing does not render any information submitted to the Stock Exchange and/or the SFC to become untrue, inaccurate or misleading (whether by omission or otherwise).

As at the date of this announcement, (i) Upwell Assets beneficially owns 36,352,050 Shares, representing approximately 17.91% of the issued share capital of the Company; and (ii) Ms. Lin is personally interested in 100,000 Share Options. Pursuant to the UA Undertaking Letter, Upwell Assets has irrevocably undertaken to the Company, among other things, (a) 36,352,050 Shares will remain registered in the name of Upwell Assets or its nominee until the Record Date; (b) it will accept and take up its provisional entitlement of 7,270,410 Rights Shares in full under the Rights Issue by no later than the Latest Acceptance Date; and (c) it will not, and will procure the other members of the UA Concert Group not to, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of (or create any right in respect of) or acquire any Shares (including the exercise of any outstanding Share Options by Ms. Lin) or any interests therein, except for (i) taking up Rights Shares provisionally allotted to any member of the UA Concert Group pursuant to the Rights Issue; and (ii) acquiring nil-paid Rights Shares or taking up excess Rights Shares by submitting EAFs or otherwise acquiring Shares in circumstances which do not contravene the Listing Rules and/or the Takeovers Code and do not render any information submitted to the Stock Exchange and/or the SFC untrue, inaccurate or misleading (whether by omission or otherwise).

Rescission and termination of the Underwriting Agreement

The Underwriter shall be entitled by notice in writing to the Company (such notice to be served prior to the Latest Time for Termination) to terminate the Underwriting Agreement if, prior to the Latest Time for Termination,

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any materially adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for this purpose includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue.

The Underwriter shall be entitled by notice in writing to the Company (such notice to be served prior to the Latest Time for Termination) to rescind the Underwriting Agreement if, prior to the Latest Time for Termination,

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

In the event the Underwriter exercises the right to terminate or rescind the Underwriting Agreement by giving written notice of termination or rescission prior to the Latest Time for Termination, all the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach).

If the Underwriter exercises such right or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment and/or waiver (as applicable) of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled and/or waived (as applicable) will bear the risk that the Rights Issue could not become unconditional and may not proceed. The Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 October 2015 to Tuesday, 13 October 2015 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Monday, 19 October 2015 to Friday, 23 October 2015 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is as follows:

2015

Despatch of circular with notice and form of proxy for the EGM	Tuesday, 22 September
Latest time for lodging transfer of Shares to be qualified for attendance at the EGM.	4:30 p.m. on Wednesday, 7 October
Register of members of the Company closes (both dates inclusive).	From Thursday, 8 October to Tuesday, 13 October
Latest time for lodging forms of proxy for the EGM	2:30 p.m. on Sunday, 11 October
Record Date for the EGM	Tuesday, 13 October
EGM	2:30 p.m. on Tuesday, 13 October
Announcement of poll results of the EGM	Tuesday, 13 October
Register of members of the Company reopens	Wednesday, 14 October
Last day of dealings in Shares on a cum-rights basis	4:00 p.m. on Wednesday, 14 October
First day of dealings in Shares on an ex-rights basis	9:00 a.m. on Thursday, 15 October

Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 16 October
Register of members of the Company closes (both dates inclusive)	From Monday, 19 October to Friday, 23 October
Record Date for the Rights Issue	Friday, 23 October
Register of members of the Company reopens	Monday, 26 October
Despatch of the Prospectus Documents	Monday, 26 October
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 28 October
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 30 October
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 4 November
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 9 November
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 12 November
Announcement of the allotment results of the Rights Issue to be posted on the Stock Exchange's website	Monday, 16 November
Despatch of refund cheques for wholly and partially unsuccessful excess applications for excess Rights Shares	Tuesday, 17 November
Share certificates for fully-paid Rights Shares to be posted	Tuesday, 17 November
Dealings in fully-paid Rights Shares commence	9:00 a.m. on Wednesday, 18 November

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected timetable” may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and the possible shareholding structure of the Company immediately after completion of the Rights Issue, assuming there is no other change in the shareholding structure of the Company since the date of this announcement:

	Immediately upon completion of the Rights Issue									
	As at the date of this announcement		Assuming no exercise of the Share Options on or before the Record Date				Assuming exercise in full of the Share Options (other than those under the Irrevocable Undertakings) on or before the Record Date			
			Scenario I (Note 1)		Scenario II (Note 2)		Scenario I (Note 1)		Scenario II (Note 2)	
Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	
Shareholders										
The Underwriter Concert Group:										
The Underwriter	71,820,850	35.38%	86,185,020	35.38%	105,066,440	43.13%	86,185,020	34.87%	105,666,440	42.75%
Ms. Chang	400,000	0.20%	480,000	0.20%	480,000	0.20%	480,000	0.19%	480,000	0.19%
Subtotal	72,220,850 (Note 3)	35.58%	86,665,020	35.58%	105,546,440	43.33%	86,665,020	35.06%	106,146,440	42.94%

The UA Concert Group:										
Upwell Assets	36,352,050	17.91%	43,622,460	17.91%	43,622,460	17.91%	43,622,460	17.65%	43,622,460	17.65%
Subtotal	36,352,050 (Note 4)	17.91%	43,622,460	17.91%	43,622,460	17.91%	43,622,460	17.65%	43,622,460	17.65%
=====										
Subtotal of the Underwriter Concert Group and the UA Concert Group (Note 5)										
	108,572,900	53.49%	130,287,480	53.49%	149,168,900	61.24%	130,287,480	52.71%	149,768,900	60.59%
Other Directors:										
Mr. Han Lin	7,051,801 (Note 6)	3.47%	8,462,161	3.47%	7,051,801	2.90%	11,702,161	4.73%	9,751,801	3.95%
Dr. Cheng Chi Pang	- (Note 6)	-	-	-	-	-	120,000	0.05%	100,000	0.04%
Mr. Ng Wai Hung	- (Note 6)	-	-	-	-	-	120,000	0.05%	100,000	0.04%
Mr. Cui Shi Wei	- (Note 6)	-	-	-	-	-	120,000	0.05%	100,000	0.04%
Public Shareholders	87,355,299	43.04%	104,826,359	43.04%	87,355,299	35.86%	104,826,359	42.41%	87,355,299	35.34%
Total	202,980,000	100.00%	243,576,000	100.00%	243,576,000	100.00%	247,176,000	100.00%	247,176,000	100.00%

Notes:

- Scenario I illustrates the shareholding structure of the Company immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders under the Rights Issue.
- Scenario II illustrates the shareholding structure of the Company immediately after completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than those Shares to be taken up under the Irrevocable Undertakings).
- As at the date of this announcement, the Underwriter holds 71,820,850 Shares, Mr. Chiang holds 850,000 outstanding Share Options and Ms. Chang holds 400,000 Shares and 250,000 outstanding Share Options.

4. As at the date of this announcement, Upwell Assets holds 36,352,050 Shares and Ms. Lin holds 100,000 outstanding Share Options.
5. The Underwriter Concert Group and the UA Concert Group are parties acting in concert under the Takeovers Code.
6. As at the date of this announcement, Mr. Han Lin, an executive Director, holds 7,051,801 Shares and 2,700,000 outstanding Share Options, and each of Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei, being independent non-executive Directors, holds 100,000 outstanding Share Options respectively. Mr. Han Lin is considered as an Independent Shareholder as he has not been involved in the planning of the Rights Issue and the negotiation of the terms and conditions of the Underwriting Agreement and his involvement in considering the proposal of the Rights Issue as a member of the Board is not different from that of the Independent Board Committee.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in provision of property consultancy and sales agency services for the primary property market in the PRC.

The Board considers that it is an opportune moment for the Company to strengthen its financial position through the Rights Issue after having considered various fund raising methods. The Board considers that it is prudent to support the continuing development of the Group's business activities by way of the Rights Issue which will not only strengthen the Group's capital base and enhance its financial position at reasonable costs, but will also provide all Qualifying Shareholders the opportunity to participate in the future business development of the Group through the Rights Issue at a price lower than the current market price of the Shares.

It is estimated that the net proceeds of the Rights Issue will be not less than approximately HK\$32.2 million (assuming no Shares are issued (other than the Rights Shares) or repurchased on or before the completion of the Rights Issue) and not more than approximately HK\$32.8 million (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options held by the holders of the Share Options (other than those under the Irrevocable Undertakings) on or prior to the Latest Lodging Date, but otherwise no Shares (other than the Rights Shares) are issued or repurchased on or before the completion of the Rights Issue), after deducting all necessary expenses for the Rights Issue, which include the relevant professional fees incurred by the Company.

The Group intends to apply the net proceeds from the Rights Issue as follows: as to approximately 31% for the use of the comprehensive property consultancy and sales agency business, approximately 46% for potential establishment of an apartment rental platform in the PRC, and the remaining for general working capital and/or future investment opportunities should suitable opportunities become available. As at the date of this announcement, the Group has not identified any specific acquisition target.

Based on the aforesaid and taking into account that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Board (excluding the Independent Board Committee whose opinion will be set forth in the circular after having been advised by the independent financial adviser in this regard) considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

LISTING RULES IMPLICATIONS

Since the Rights Issue would increase neither the issued share capital nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 7.19(6) of the Listing Rules. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil paid and fully-paid forms.

As the Underwriter is a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules. As the Company will make arrangements for the Qualifying Shareholders to apply for Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21(1) of the Listing Rules, Rule 7.21(2) of the Listing Rules will be complied with and the allotment and issue of the Underwritten Shares to the Underwriter pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER

The Underwriter is solely and ultimately beneficially owned by Mr. Chiang, the Chairman, executive Director and the controlling Shareholder, and Ms. Chang, an executive Director, is the spouse of Mr. Chiang. As at the date of this announcement, each of the Underwriter and Ms. Chang is interested in approximately 35.38% and 0.20% of the existing issued share capital of the Company respectively. In the event that the Underwriter is called upon to subscribe for the Underwritten Shares pursuant to its obligations under the Underwriting Agreement and/or the application of any excess Rights Shares by the Underwriter Concert Group, the aggregate interest of the Underwriter Concert Group may increase by more than 2% from approximately 35.58% to up to approximately 43.33% (assuming that no outstanding Share Options are exercised and no other Shares are allotted or issued on or before the Record Date). Accordingly, the underwriting by the Underwriter of the Underwritten Shares and/or the application of any excess Rights Shares by the Underwriter Concert Group under the Rights Issue may trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter Concert Group, unless a waiver is granted by the Executive, and the Whitewash Waiver is approved by the Independent Shareholders.

The Underwriter will make an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the EGM by way of poll in accordance with the requirements of the Takeovers Code. (i) The Underwriter Concert Group; (ii) the UA Concert Group; and (iii) any Shareholders who are involved in or interested in the Underwriting Agreement or the Rights Issue or the Whitewash Waiver or the transactions contemplated thereunder are required by the Listing Rules or the Takeovers Code to abstain from voting on the proposed resolution(s) approving the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the EGM.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Rights Issue will not proceed.

As at the date of this announcement, (i) save as disclosed under the section headed “Shareholding Structure of the Company” above in this announcement, the Underwriter Concert Group and the UA Concert Group do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, nor have received any irrevocable commitment to vote for or against the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver; (ii) there is no outstanding derivative in respect of securities in the Company entered into by the Underwriter Concert Group and/or the UA Concert Group; (iii) the underwriting arrangement is subject to the conditions of the Underwriting Agreement; (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Company or the Underwriter, which might be material to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver; (v) there is no agreement or arrangement to which the Underwriter Concert Group and/or the UA Concert Group is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver; and (vi) the Underwriter Concert Group and/or the UA Concert Group have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Save for the Rights Issue and the entering into of the Underwriting Agreement, none of the Underwriter Concert Group and the UA Concert Group has any dealings in any securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six-month period preceding the date of this announcement.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and how to vote on the proposed resolution(s) in respect thereof at the EGM. The non-executive Director, namely Ms. Lin, has not been included in the Independent Board Committee as she is interested in the UA Undertaking Letter by virtue of her shareholding interest in Upwell Assets. The appointment of Grand Vinco Capital Limited as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

A circular containing, among other things, further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and a notice of EGM are expected to be despatched to the Shareholders on or around 22 September 2015.

Upon passing of the necessary resolution(s) by the Independent Shareholders at the EGM approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, the Prospectus Documents will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus (without PAL or EAF) to the Non-Qualifying Shareholders (if any) and, if required by the terms and conditions of the Share Option Schemes, to the respective holders of the Share Options, for their information only.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and other general holidays in Hong Kong and any day on which a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	the chairman of the Board
“Company”	Fortune Sun (China) Holdings Limited (stock code: 352), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“EGM”	an extraordinary general meeting of the Company to be convened to approve, among other things, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors which has been established to advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and as to voting
“Independent Shareholders”	Shareholders other than (i) the Underwriter Concert Group; (ii) the UA Concert Group; and (iii) any Shareholders who are involved in or interested in the Underwriting Agreement or the Rights Issue or the Whitewash Waiver or the transactions contemplated thereunder
“Irrevocable Undertakings”	Collectively, the undertakings given by (i) the Underwriter to the Company under the Underwriting Agreement and (ii) Upwell Assets to the Company under the UA Undertaking Letter
“Last Trading Day”	1 September 2015, being the last full trading day immediately prior to the publication of this announcement
“Latest Acceptance Date”	the latest time as the Underwriter may agree in writing with the Company for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares, which is currently expected to be 4:00 p.m. on Monday, 9 November 2015
“Latest Lodging Date”	the latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue, which is currently expected to be 4:30 p.m. on Friday, 16 October 2015
“Latest Time for Termination”	4:00 p.m. on the third Business Day following the Latest Acceptance Date (or such other date as the Company and the Underwriter may agree in writing)
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chiang”	Mr. Chiang Chen Feng, being the Chairman, an executive Director and the controlling Shareholder
“Ms. Chang”	Ms. Chang Hsiu Hua, being an executive Director and spouse of Mr. Chiang
“Ms. Lin”	Ms. Lin Chien Ju, being a non-executive Director

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) to whom the Board, based on opinions provided by legal advisers in the relevant jurisdiction(s), consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)
“Overseas Shareholder(s)”	Shareholder(s) with registered addresses (as shown in the register of members of the Company on the Record Date) which is (are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	the date as the Company may agree with the Underwriter in writing for the despatch of the Prospectus Documents or the Prospectus only (as the case may be) to the Shareholders, which is currently expected to be Monday, 26 October 2015
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 23 October 2015 (or such other date as the Company may agree with the Underwriter in writing), the record date to determine the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every five (5) existing Shares in issue and held on the Record Date by Qualifying Shareholders on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents, payable in full upon acceptance
“Rights Share(s)”	new Share(s) to be issued and allotted under the Rights Issue, being not less than 40,596,000 Shares and not more than 41,196,000 Shares

“Settlement Date”	the fourth Business Day following the Latest Acceptance Date
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	the outstanding option(s) held by the holders under the Share Option Schemes entitling them to subscribe for a total of 4,200,000 Shares as at the date of this announcement
“Share Option Schemes”	the pre-initial public offering share option scheme and the post-initial public offering share option scheme adopted by the Company on 10 June 2006
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.85 per Rights Share
“Takeovers Code”	the Code on Takeovers and Mergers
“UA Concert Group”	Upwell Assets, Ms. Lin, Ms. Lin Shu Chi and parties acting in concert with any of them (excluding the Underwriter Concert Group)
“UA Undertaking Letter”	the irrevocable undertaking letter dated 1 September 2015 executed by Upwell Assets in favour of the Company
“Underwriter”	Active Star Investment Limited, a company incorporated in the British Virgin Islands and is ultimately and wholly owned by Mr. Chiang
“Underwriter Concert Group”	the Underwriter, Mr. Chiang, Ms. Chang and parties acting in concert with any of them (excluding the UA Concert Group)
“Underwriting Agreement”	the underwriting agreement dated 1 September 2015 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 18,881,420 Rights Shares but not more than 19,481,420 Rights Shares, being all Rights Shares (other than those Rights Shares to be taken up under the Irrevocable Undertakings) underwritten by the Underwriter pursuant to the Underwriting Agreement
“Upwell Assets”	Upwell Assets Corporation, the entire issued share capital of which is evenly and ultimately owned by Ms. Lin and her sister, Ms. Lin Shu Chi, as at the date of this announcement

“Whitewash Waiver”

a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Underwriter to make a mandatory general offer for all the issued securities of the Company not already owned, controlled or agreed to be acquired by the Underwriter Concert Group which may otherwise arise as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement and/or the subscription of the Rights Shares by the Underwriter Concert Group pursuant to the application for any excess Rights Shares accepted by the Company

“%”

percentage or per centum

By Order of the Board
FORTUNE SUN (CHINA) HOLDINGS LIMITED
富陽(中國)控股有限公司
Chiang Chen Feng
Chairman

Hong Kong, 1 September 2015

As at the date of this announcement, the executive Directors are Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin; the non-executive Director is Ms. Lin Chien Ju; and the independent non-executive Directors are Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei.

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.