

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



Interim
Report
2015

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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*)

Dr. Cheng Chi Pang

Mr. Ng Wai Hung

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

Unit 901, 9th Floor

Orient Building

No.1500 Century Avenue

Pudong New District

Shanghai 200122

The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1115, 11th Floor

Leighton Centre

77 Leighton Road

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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

Mr. Ip Siu Kay

COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua
Mr. Ip Siu Kay

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants

HONG KONG LEGAL ADVISER

Chiu & Partners

PRINCIPAL BANKERS

PRC

China Minsheng Banking Corporation
Limited

Hong Kong

OCBC Wing Hang Bank 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") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 together with the comparative figures for 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	3	9,320	7,279
Business tax and other levies		(167)	(113)
Cost of services rendered		(7,810)	(9,970)
Gross profit/(loss)		1,343	(2,804)
Other income		887	1,569
Operating and administrative expenses		(6,041)	(6,634)
Loss from operations		(3,811)	(7,869)
Finance cost – loan interest		(347)	(488)
Loss before tax		(4,158)	(8,357)
Income tax expense	4	–	–
Loss for the period attributable to owners of the Company	5	(4,158)	(8,357)
Loss per share	7	RMB cents	RMB cents
Basic		(2.1)	(4.2)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss for the period	(4,158)	(8,357)
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(20)	(139)
Other comprehensive income for the period, net of tax	(20)	(139)
Total comprehensive income for the period attributable to owners of the Company	(4,178)	(8,496)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	1,395	888
Investment properties	9	3,568	3,616
Golf club membership		291	291
Available-for-sale financial assets		1,500	1,500
		6,754	6,295
Current assets			
Trade receivables	10	14,060	19,888
Trade deposits	11	7,000	10,880
Prepayments and other deposits		474	658
Other receivables	12	12,040	12,860
Bank and cash balances		18,714	14,360
		52,288	58,646
Current liabilities			
Accruals and other payables		3,593	4,271
		3,593	4,271
Net current assets			
		48,695	54,375
Total assets less current liabilities			
		55,449	60,670

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current liabilities			
Other loan	13	6,000	8,000
Deferred tax liabilities		4,247	4,247
		10,247	12,247
NET ASSETS			
		45,202	48,423
Capital and reserves			
Share capital	14	20,802	20,708
Reserves		24,400	27,715
TOTAL EQUITY			
		45,202	48,423

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company (Unaudited)							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 2014	20,644	40,433	14,554	16,621	3,736	(2,443)	(39,459)	54,086
Total comprehensive income for the period	-	-	-	-	-	(139)	(8,357)	(8,496)
Changes in equity for the period	-	-	-	-	-	(139)	(8,357)	(8,496)
At 30 June 2014	20,644	40,433	14,554	16,621	3,736	(2,582)	(47,816)	45,590
At 1 January 2015	20,708	41,141	14,554	16,621	3,363	(2,570)	(45,394)	48,423
Issue of shares on exercise of share options	94	1,421	-	-	(558)	-	-	957
Total comprehensive income for the period	-	-	-	-	-	(20)	(4,158)	(4,178)
Changes in equity for the period	94	1,421	-	-	(558)	(20)	(4,158)	(3,221)
At 30 June 2015	20,802	42,562	14,554	16,621	2,805	(2,590)	(49,552)	45,202

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	5,378	(325)
NET CASH GENERATED FROM INVESTING ACTIVITIES	386	256
NET CASH USED IN FINANCING ACTIVITIES	(1,390)	(488)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(20)	(139)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,354	(696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,360	14,682
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	18,714	13,986
Bank and cash balances	18,714	13,986

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 2014 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 2014 except as stated below.

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

(a) Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015:

- Amendments to HKAS 19, Defined benefit plans: Employee contributions
- Annual improvements to HKFRSs 2010-2012 cycle
- Annual improvements to HKFRSs 2011-2013 cycle

The adoption of these amendments to HKFRSs has no material impact on the Group’s result and financial position for the current or prior periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 People's Republic of China ("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	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects	8,169	6,522
Pure property planning and consultancy service projects	1,151	757
	9,320	7,279

The Group has carried on a single business in a single geographical segment, which is the provision of agency services for the sale of properties and property consultancy services in the PRC, and all the assets are substantially located in the PRC. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

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 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period under review and the corresponding period last year.

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 both periods as the relevant group entities incurred a loss for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Auditor's remuneration	158	158
Interest income	(230)	(288)
Depreciation of property, plant and equipment	169	260
Depreciation of investment properties	48	46
Directors' remuneration	1,162	1,131
Exchange (gain)/loss, net	(11)	5
Loss on disposals of property, plant and equipment	10	6
Operating lease charges on land and buildings	1,468	1,534
Reversal of allowance for		
– Trade receivables*	(111)	(338)
– Trade deposits*	(546)	(864)
	(657)	(1,202)
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	4,877	5,872
– Retirement benefits scheme contributions	674	1,006
	5,551	6,878

* Due to improvement of some project developers' ability to pay during the period under review, there was an improvement of the cash collection from some long aged projects. As a result, allowances made in prior years against trade receivables and trade deposits of approximately RMB111,000 and RMB546,000 were reversed respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2014: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB4,158,000 (six months ended 30 June 2014: loss of RMB8,357,000) and the weighted average number of ordinary shares of 201,768,398 (six months ended 30 June 2014: 200,470,000) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the period ended 30 June 2015 and 2014.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of approximately RMB686,000 (six months ended 30 June 2014: RMB32,000) and disposed of property, plant and equipment with carrying amount of approximately RMB10,000 (six months ended 30 June 2014: RMB7,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

9. INVESTMENT PROPERTIES

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 2014: 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 2015. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

As at 30 June 2015, all the investment properties had been pledged as security for the Group's other loan amounting to RMB6,000,000 (31 December 2014: RMB8,000,000) disclosed in note 13 to the condensed consolidated interim financial statements.

10. TRADE RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	15,916	21,855
Less: Allowance for trade receivables	(1,856)	(1,967)
	14,060	19,888

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 2015

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 is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 to 90 days	3,375	6,129
91 to 180 days	1,710	6,744
181 to 365 days	5,031	1,912
1 to 2 years	476	2,544
Over 2 years	3,468	2,559
	14,060	19,888

11. TRADE DEPOSITS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade deposits	8,044	12,470
Less: Allowance for trade deposits	(1,044)	(1,590)
	7,000	10,880

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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.

These trade deposits are refundable when the prescribed terms in the underlying agency contracts are achieved. Based on the payment date, ageing analysis of the Group's trade deposits, net of allowance at the end of the reporting period is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
91 to 180 days	–	8
181 to 365 days	–	925
Over 1 year and up to 2 years	995	152
Over 2 years and up to 3 years	629	640
Over 3 years	5,376	9,155
	7,000	10,880

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

12. OTHER RECEIVABLES

Included in other receivables is a shareholder's loan to Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. of approximately RMB11,519,000 (31 December 2014: RMB12,362,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

13. OTHER LOAN

As at 30 June 2015, the other loan from an unrelated party (31 December 2014: an unrelated company) is denominated in RMB, interest-bearing at a floating interest rate based on twice of the benchmark interest rate for RMB loans of the same periods from financial institutions announced by the People's Bank of China, thus exposes the Group to cash flow interest rate risk, and will be repayable on or before December 2016. The other loan is secured by the Group's investment properties disclosed in note 9 to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2014			
(Audited) and 30 June 2015			
(Unaudited)	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
At 1 January 2014	200,470	20,047	20,644
Exercise of share options	810	81	64
At 31 December 2014 (Audited)	201,280	20,128	20,708
Exercise of share options	1,200	120	94
At 30 June 2015 (Unaudited)	202,480	20,248	20,802

During the period ended 30 June 2015, 1,200,000 ordinary shares of HK\$0.1 each were issued in relation to share options exercised by senior management and employees under the Pre-IPO Share Option Scheme and the Share Option Scheme of the Company at HK\$0.795 and HK\$1.12 respectively, for a total cash consideration of HK\$1,214,000 (equivalent to RMB957,583). The excess of the subscription consideration received over the nominal value issued, total amounted to HK\$1,940,750 (equivalent to RMB1,421,248) was credited to the share premium account.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

15. COMMITMENTS

(i) Operating lease commitments

As at 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within one year	1,437	1,426
In the second to fifth years inclusive	1,632	513
	3,069	1,939

(ii) Other commitment

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Contracted but not provided for Legal and Professional fee	500	500

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

16. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
(i) Compensation of key management personnel of the Group		
Fees	298	296
Basic salaries and other allowances	825	795
Retirement benefits scheme contributions	39	40
Total compensation paid to key management personnel	1,162	1,131
(ii) Rental payment to a related company	42	–

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2015 (31 December 2014: Nil).

18. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved and authorised for issue by the Board of Directors on 31 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of year 2015, the global economy was weak and the economic growth in the PRC had slowed down from previous years. However, the PRC property industry had stabilised as compared to 2014, mainly due to favourable policies of the central government and its loose monetary policies. During the first half of 2015, save for four major cities, home-purchase restrictions and price restrictions in all other cities were loosened or removed. In addition, favourable housing policies including lower initial payment ratios for second homes, higher credit lines of housing provident funds and lower threshold for waiver of business tax on sale of second homes were introduced by the central government in March. The benchmark lending rates and deposit reserve ratio were also lowered by the People's Bank of China several times to boost the market. According to the statistics of the National Bureau of Statistics of the People's Republic of China, among the 70 medium-to-large sized cities, up to 27 cities had recorded monthly increases in newly built commodity housing prices in June, as compared to only one city in December last year. Furthermore in May 2015, the available-for-sale area of commodity housing had for the first time fell month-on-month since April 2012.

Although the general property market had continued to stabilise in the first half year, the intensifying competition in the primary property agency market had significantly affected the property sales agency business of the Group. Nevertheless, revenue from comprehensive property consultancy and sales agency service had increased by approximately 25.3%, as the average prices of properties sold by the Group as agent was higher than those of the corresponding period of last year. Revenue from the pure property planning and consultancy business had increased by 52.0%. The unaudited revenue of the Group for the period had increased by approximately 28.0% to approximately RMB9,320,000 from approximately RMB7,279,000 for the corresponding period of last year. In addition, with the proactive cost control measures undertaken by the Group, the overall service costs had dropped during the period under review, and the Group had recorded a gross profit of approximately RMB1,343,000 for the period as compared to the gross loss of approximately RMB2,804,000 for the corresponding period last year. The overall operating and administrative expenses remained at a similar level as that of last year. The loss for the period attributable to owners of the Company decreased to RMB4,158,000 from the loss of RMB8,357,000 for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

During the six months ended 30 June 2015, most of the Group's recorded revenue was generated from projects in the Jiangsu Province, followed by Hubei Province and Shanghai, which represented approximately 32.8%, 32.6% and 22.5% of the Group's total revenue respectively. On a comparative basis, in the first half of 2014, the Group's recorded revenue was mainly generated from projects in Hubei Province, followed by Jiangxi Province and Zhejiang Province, which represented approximately 25.6%, 23.1% and 20.9% of the Group's total revenue, respectively.

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services in the primary residential and commercial property markets in China. During the six months ended 30 June 2015, the Group managed 10 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2014: 15 projects). The total gross floor area of the underlying properties sold by the Group acting as the agent were approximately 50,657 square meters (for the six months ended 30 June 2014: 97,000 square meters).

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects was approximately RMB8,169,000 (for the six months ended 30 June 2014: approximately RMB6,522,000), representing approximately 87.7% of the unaudited total revenue of the Group for the period under review (for the six months ended 30 June 2014: 89.6%).

As at 30 June 2015, the Group had 14 comprehensive property consultancy and sales agency service projects on hand (30 June 2014: 23 projects) with total unsold gross floor area of approximately 1,484,380 square meters (30 June 2014: approximately 2,623,000 square meters). As at 30 June 2015, among the 14 projects, sales of the underlying properties of 4 projects had not commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the six months ended 30 June 2015, the Group continued to focus on the sustainable development of its pure property planning and consultancy business. For the six months ended 30 June 2015, the Group provided property planning and consultancy services for 7 (for the six months ended 30 June 2014: 5) revenue generating property development projects, and recorded an aggregate revenue of approximately RMB1,151,000 (for the six months ended 30 June 2014: approximately RMB757,000) from pure property planning and consultancy businesses, representing approximately 12.3% of the unaudited total revenue of the Group (for the six months ended 30 June 2014: approximately 10.4%).

PROSPECTS AND OUTLOOK

The series of decrease in interest rates and deposit reserve ratio in the first half of the year is expected to not only help in reducing the financial cost of property developers, but also to help in boosting the demand for mortgage lending. As a result, such may possibly lead to further stabilisation of the housing market in the PRC. However, given the cautious outlook of the economic growth in the PRC, the central government is expected to further introduce industry-supporting policies, and to further loosen monetary policy to drive a sustainable recovery of the PRC property market. Housing sales is also expected to continue to vary among different cities, as first-tier cities and certain second-tier cities are expected to continue to experience steady growth in both sales volumes and prices in the second half of the year. On the other hand, certain third and fourth-tier cities are expected to continue to undergo the process of inventory reduction during the second half of the year, and with stagnant housing demands and lasting high levels of inventory, most property developers are expected to maintain current prices, or even to lower prices to boost sales in such cities. As a result, certain third and fourth-tier cities are expected to witness continuing slip in both sales volumes and prices. In light of the aforementioned circumstances, the Group will continue to focus on the first and second-tier cities and provinces, including Shanghai, Jiangsu and Zhejiang during the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK *(Continued)*

In addition to the existing businesses, the Group is also actively exploring the possibility of launching an apartment rental platform during the second half of the year to broaden its long term and sustainable cash inflow streams. Although the per capita income in the PRC has been increasing in recent years, the continued high level of housing prices may signify a huge demand for leasing apartments. The large mobile worker population is the driver of strong demand for apartments for leasing. In this regard, the management believes that with the years of sales and marketing experiences accumulated by the Group in the property market and the solid relationships maintained by the Group with property developers, the Group is well positioned to source potential apartments for the development of an apartment rental platform.

The management will continue to monitor any opportunity in the property market to enhance a sustainable and stable growth of income of the Group. The Group will also continue to encourage employees to actively identify potential new projects and prospective property developers. In addition, the Group will also strive to cut operating expenses by strengthening budget management and cost control, and to strictly control its cash outflow. The Group will strive to improve the operating performance of the Group in the second half of the year and to drive long-term development of the Group and its employees as a whole, in order to create better returns for the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had unaudited net current assets of approximately RMB48.7 million (31 December 2014: approximately RMB54.4 million), unaudited total assets of approximately RMB59.0 million (31 December 2014: approximately RMB64.9 million) and unaudited shareholders' funds of approximately RMB45.2 million (31 December 2014: approximately RMB48.4 million). The current ratio (calculated by dividing total current assets with total current liabilities) increased from 13.73 as at 31 December 2014 to 14.55 as at 30 June 2015.

As at 30 June 2015, the unaudited bank and cash balances of the Group amounted to approximately RMB18.7 million (31 December 2014: approximately RMB14.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any short term borrowing as at 30 June 2015 (31 December 2014: Nil) and had a long term borrowing of RMB6.0 million (31 December 2014: approximately RMB8.0 million). The long term borrowing is interest-bearing at floating rates and will mature in December 2016 and is secured by the investment properties of the Group with carrying amount of approximately RMB3.6 million as at 30 June 2015 (31 December 2014: approximately RMB3.6 million).

The Group had no bank borrowings or overdrafts as at 30 June 2015 (31 December 2014: Nil).

As at 30 June 2015, the Group's gearing ratio (calculated on the basis of total borrowings over total equity) had decreased from 16.52% as at 31 December 2014 to 13.27% as at 30 June 2015, which was mainly due to the decrease in total borrowings resulted from the partial settlement of loans during the period under review.

FOREIGN EXCHANGE RISKS

As the Group's sales are denominated in Renminbi, the Group's purchases and expenses are either denominated in Renminbi or Hong Kong dollar. As there is no 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 borrowing rates of the Group were mainly floating rates based on the benchmark interest rate for RMB loans of the same periods from financial institutions as announced by the People's Bank of China. During the six months ended 30 June 2015, the People's Bank of China reduced the benchmark interest rate for three-year RMB loans from 6.00% to 5.25%. The Group's exposure to interest rate risk mainly stemmed from fluctuations of borrowing rates for the Group's debts. Interest rate hikes will increase the cost of borrowings of the Group. 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 2015, save for the Group's 3% equity interest in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. (上海恒大集團(江蘇)投資有限公司) ("Hengda Jiangsu") 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 continuing investment in Hengda Jiangsu and the investment properties held by the Group, the Group had no future plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

CAPITAL AND OTHER COMMITMENTS

The Group had no material capital commitments as at 30 June 2015 (31 December 2014: Nil). The details to other commitments are provided in note 15 to the interim condensed consolidated financial statements on page 21 of this interim report.

STAFF AND EMOLUMENT POLICY

As at 30 June 2015, the Group had a total of 132 staff (31 December 2014: 163 staff).

The emolument policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies. The emolument policies of the Group are reviewed by the management of the Group 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 2015, 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)	71,820,850 Ordinary Shares (L)	35.47%
		Interest of spouse (Note 3)	400,000 Ordinary Shares (L)	0.20%
		Beneficial owner and interest of spouse (Note 4)	1,100,000 Ordinary Shares (L)	0.53% (Note 13)

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
Ms. Lin Chien Ju ("Ms. Lin")	The Company	Interest of a controlled corporation (Note 5)	36,352,050 Ordinary Shares (L)	17.95%
		Beneficial owner (Note 6)	100,000 Ordinary Shares (L)	0.05% (Note 13)
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	3.48%
		Beneficial owner (Note 7)	2,700,000 Ordinary Shares (L)	1.30% (Note 13)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Beneficial owner	400,000 Ordinary Shares (L)	0.20%
		Interest of spouse (Note 8)	71,820,850 Ordinary Shares (L)	35.47%
		Beneficial owner and interest of spouse (Note 9)	1,100,000 Ordinary Shares (L)	0.53% (Note 13)

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 (Note 13)
Dr. Cheng Chi Pang ("Dr. Cheng")	The Company	Beneficial owner (Note 10)	100,000 Ordinary Shares (L)	0.05% (Note 13)
Mr. Ng Wai Hung ("Mr. Ng")	The Company	Beneficial owner (Note 11)	100,000 Ordinary Shares (L)	0.05% (Note 13)
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 12)	100,000 Ordinary Shares (L)	0.05% (Note 13)

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. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang, his wife, 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)

4. The long position of Mr. Chiang in these 1,100,000 Shares comprised the 750,000 options and 150,000 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 and Shares in which Ms. Chang was interested by virtue of the SFO.
5. 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.
6. 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.
7. 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.
8. 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.
9. The long position of Ms. Chang in these 1,100,000 Shares comprised the 150,000 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.

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)*

10. 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.
11. 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.
12. 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.
13. These percentages are calculated on the basis of 207,180,000 Shares of the Company in issue as at 30 June 2015, 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 2015, 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 2015, 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)	71,820,850 Ordinary Shares (L)	35.47%
Upwell Assets	Beneficial owner (Note 3)	36,352,050 Ordinary Shares (L)	17.95%
Ms. Lin Shu Chi	Interest of a controlled corporation (Note 3)	36,352,050 Ordinary Shares (L)	17.95%
Honorway Nominees Limited ("Honorway Nominees")	Beneficial owner (Note 4)	16,248,300 Ordinary Shares (L)	8.02%
Honorway Investments Limited	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.02%
Mr. Ho Hau Chong, Norman	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.02%

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)	8.02%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	16,248,300 Ordinary Shares (L)	8.02%
Ms. Sharon Young	Interest of spouse (Note 6)	16,248,300 Ordinary Shares (L)	8.02%

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, 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.

DISCLOSURE OF INTERESTS

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

Notes: *(Continued)*

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.

Save as disclosed above, as at 30 June 2015, 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, shareholders of the Group 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 2015 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 2015	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2015			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	-	400,000	-	150,000	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	-	400,000	-	250,000				

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEMES (Continued)

Number of shares in respect of share options

Category of participant	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2015	Date of grant	Exercise period	Closing price of the Shares on the trading day immediately before the date of grant	
								Exercise price per Share HK\$	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	650,000	-	650,000	-	-	12/03/2008	12/03/2009 to 11/03/2018	1.12	1.12
	650,000	-	150,000	-	500,000	12/03/2008	12/03/2010 to 11/03/2018	1.12	1.12
	1,300,000	-	800,000	-	500,000				
	5,900,000	-	1,200,000	-	4,700,000				

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. 60,867,000 Shares as at the date of this interim 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.

On 17 July 2015, a total of 410,000 Shares were allotted and issued pursuant to the exercise of share options granted under the Share Option Scheme.

On 14 August 2015, a total of 90,000 Shares were allotted and issued pursuant to the exercise of share options granted under the Share Option Scheme.

As at the date of this interim report, options granted under the Share Option Scheme to subscribe for 2,550,000 Shares, and options granted under the Pre-IPO Share Option Scheme to subscribe for 1,650,000 Shares, representing approximately 1.26% and 0.81% 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) Advance of Security Deposit

Reference is made 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") of RMB20 million by Shanghai Fu Yang Property Consultant Co., Limited (上海富陽物業諮詢有限公司) ("Shanghai Fortune Sun"), a wholly-owned subsidiary of the Company, to an independent customer to secure the performance of its sales agency obligations in a real estate project in Shanghai (the "Subject Project") under certain agency agreements. Shanghai Ke Shang Property Consultant Company Limited (上海可上房產諮詢有限公司) (the "Former Investment Partner"), an independent third party of the Group, had fully underwritten the sale of properties under the Subject Project and assumed the repayment obligations in respect of the Security Deposit to Shanghai Fortune Sun. The Security Deposit is interest free, and the Former Investment Partner agreed to refund the Security Deposit to Shanghai Fortune Sun by 23 May 2010.

Subsequently, pursuant to an underwriting agency agreement and an underwriting settlement agreement entered into between the Former 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 Former Investment Partner exercised its right to purchase certain unsold units of the Subject Project (the "Unsold Units"), the purchase price of which was paid by 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 Former Investment Partner and an independent third party of the Group, so as to discharge the obligations of the Former Investment Partner 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 was entered into between Shanghai Zhilian, the Former Investment Partner and Shanghai Fortune Sun on 24 February 2010, pursuant to which Shanghai Zhilian appointed Shanghai Fortune Sun as the sales and consultancy agent in respect of the Unsold Units for a term of 12 months, and Shanghai Zhilian assumed all the warranties, undertakings and repayment obligations of the Former Investment Partner to Shanghai Fortune Sun in relation to the Subject Project, including the repayment obligation of the Former Investment Partner to Shanghai Fortune Sun in respect of the Security Deposit. Shanghai Zhilian 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.

OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

(Continued)

(i) Advance of Security Deposit *(Continued)*

The Security Deposit was accounted for as trade deposits and amounted to RMB5,180,000 as of 30 June 2015 (31 December 2014: RMB9,606,000) and is secured by one of the Unsold Units of the Subject Project.

As the amount of the Security Deposit represented approximately 8.77% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 30 June 2015, 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) Advance of Shareholders' Loan

Reference is made to the announcement of the Company dated 27 August 2010 in relation to the acquisition of 3% interest in the entire registered capital of Hengda Jiangsu, a limited liability company established in the PRC on 9 July 2010 with fully paid up registered capital of RMB50,000,000. On 27 August 2010, a joint investment agreement ("Joint Investment Agreement") was entered into by the Group with the then 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 of 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.

Reference is also made to the announcement of the Company dated 27 April 2012. Pursuant to a supplemental agreement dated 27 April 2012 entered into between Shanghai Fortune Sun, Shanghai Zhongyi Investment Management Consultancy Co., Ltd. (上海中邑投資管理諮詢有限公司) and Hengda Jiangsu, Shanghai Fortune Sun agreed to pay an additional amount of the Shareholders' Loan in the sum of RMB4,177,139 to Hengda Jiangsu on the basis of, among others, the pro rata shareholding interests of Shanghai Fortune Sun in Hengda Jiangsu.

OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

(Continued)

(ii) Advance of Shareholders' Loan *(Continued)*

As at 30 June 2015, the Shareholders' Loan contributed by Shanghai Fortune Sun amounting to RMB11,519,334 (31 December 2014: RMB12,361,693) in aggregate is unsecured, interest free and has no fixed terms of repayment. The Shareholders' Loan is accounted for as other receivable as of 30 June 2015 and 31 December 2014 respectively.

As the amount of the Shareholders' Loan represents approximately 19.51% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules as at 30 June 2015, the Company's general disclosure obligation of certain particulars of the Shareholders' Loan as prescribed under Rule 13.20 of the Listing Rules arose.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Ng Wai Hung, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of Kingbo Strike Limited (stock code: 01421), a company listed on the Stock Exchange, on 1 June 2015.

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 2015.

OTHER INFORMATION

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the printing 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 as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2015.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate 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 such structure will enable the Company to make and implement decisions promptly and efficiently.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the six months ended 30 June 2015. The interests held or deemed to be held by individual Directors in the Company's securities as at 30 June 2015 are set out on pages 30 to 34 of this report.

OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

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 Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei. Dr. Cheng Chi Pang is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2015 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 selected procedures based on those required under 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.

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 2015 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 of the Company for the six months ended 30 June 2015 were approved by the Board on 31 August 2015.

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

Hong Kong, 31 August 2015