

# Interim Report 2017



Fortune Sun (China) Holdings Limited  
富陽(中國)控股有限公司  
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 352

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chiang Chen Feng (*Chairman*)

Ms. Chang Hsiu Hua

Mr. Han Lin

### Non-executive Director

Ms. Lin Chien Ju

### Independent Non-executive Directors

Dr. Cheng Chi Pang

Mr. Ng Wai Hung

Mr. Cui Shi Wei

## EXECUTIVE COMMITTEE

Mr. Chiang Chen Feng (*Chairman*)

Ms. Chang Hsiu Hua

Mr. Han Lin

## AUDIT COMMITTEE

Dr. Cheng Chi Pang (*Chairman*)

Mr. Ng Wai Hung

Mr. Cui Shi Wei

## REMUNERATION COMMITTEE

Mr. Cui Shi Wei (*Chairman*)

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

P.O. Box 10008

Willow House

Cricket Square

Grand Cayman KY1-1001

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

Tricor Services (Cayman Islands) Limited  
P.O. Box 10008  
Willow House  
Cricket Square  
Grand Cayman KY1-1001  
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. Lee Kwai San

## COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

## AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua  
Mr. Lee Kwai San

## AUDITOR

BDO Limited  
Certified Public Accountants

## HONG KONG LEGAL ADVISER

Chiu & Partners

## PRINCIPAL BANKERS

### PRC

China Minsheng Banking Corporation  
Limited

### HONG KONG

OCBC Wing Hang Bank Limited  
Bank of Communications Co., Ltd.  
Hong Kong Branch

## STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

## COMPANY WEBSITE

[www.fortune-sun.com](http://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 2017 (the "period under review" or the "period") together with the comparative figures for 2016 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>14,570</b>	7,220
Business tax and other levies		<b>(216)</b>	(86)
Cost of services rendered		<b>(12,249)</b>	(8,221)
<b>Gross profit/(loss)</b>		<b>2,105</b>	(1,087)
Investment income and other gains and losses		<b>893</b>	2,817
Operating and administrative expenses		<b>(8,652)</b>	(5,989)
Loss before tax		<b>(5,654)</b>	(4,259)
Income tax expense	4	–	–
<b>Loss for the period attributable to owners of the Company</b>	5	<b>(5,654)</b>	(4,259)
<b>Loss per share</b>	7	<b>RMB cents</b>	RMB cents
Basic		<b>(2.3)</b>	(1.7)
Diluted		<b>N/A</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>Loss for the period</b>	<b>(5,654)</b>	(4,259)
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(63)</b>	24
<b>Other comprehensive income for the period, net of tax</b>	<b>(63)</b>	24
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(5,717)</b>	(4,235)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	1,005	835
Investment properties	9	3,381	3,428
Golf club membership		291	291
Available-for-sale financial assets		–	1,500
		<b>4,677</b>	6,054
<b>Current assets</b>			
Trade receivables	10	16,510	21,174
Trade deposits	11	600	600
Prepayments and other deposits		1,031	952
Other receivables		884	472
Bank and cash balances		50,938	51,442
		<b>69,963</b>	74,640
<b>Current liabilities</b>			
Accruals and other payables		10,783	13,093
		<b>59,180</b>	61,547
<b>Net current assets</b>			
		<b>63,857</b>	67,601
<b>NET ASSETS</b>			
<b>Capital and reserves</b>			
Share capital	12	24,276	24,276
Reserves		39,581	43,325
<b>TOTAL EQUITY</b>		<b>63,857</b>	67,601

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Reserve fund RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2016 (Audited)	24,276	67,674	14,554	16,621	2,100	(1,987)	(50,318)	72,920
Total comprehensive income for the period	-	-	-	-	-	24	(4,259)	(4,235)
Changes in equity for the period	-	-	-	-	-	24	(4,259)	(4,235)
At 30 June 2016 (Unaudited)	24,276	67,674	14,554	16,621	2,100	(1,963)	(54,577)	68,685
<b>At 1 January 2017 (Audited)</b>	<b>24,276</b>	<b>67,674</b>	<b>14,554</b>	<b>16,621</b>	<b>1,436</b>	<b>(1,853)</b>	<b>(55,107)</b>	<b>67,601</b>
Total comprehensive income for the period	-	-	-	-	1,973	(63)	(5,654)	(3,744)
Changes in equity for the period	-	-	-	-	1,973	(63)	(5,654)	(3,744)
At 30 June 2017 (Unaudited)	24,276	67,674	14,554	16,621	3,409	(1,916)	(60,761)	63,857

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,471)</b>	(2,946)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>2,030</b>	2,693
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>–</b>	11,519
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(63)</b>	24
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(504)</b>	11,290
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>51,442</b>	42,871
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY</b>	<b>50,938</b>	54,161
Bank and cash balances	<b>50,938</b>	54,161

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 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 2016 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 2016 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS; and its Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated interim financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing property consultancy and sales agency services for the property markets in the People Republic of China ("PRC") and Southeast Asia, 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	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Comprehensive property consultancy and sales agency service projects	13,655	6,352
Pure property planning and consultancy service projects	915	868
	<b>14,570</b>	7,220

The Group carried on a single business which is the provision of agency services for the sale of properties and property consultancy services, with the majority of business 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 2016.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 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.

No PRC enterprise income tax has been made in both periods as the relevant group entities incurred a loss for both periods.

No provision for Tax on Profit in our subsidiary in Cambodia has been made as the subsidiary incurred a loss in the current period under review.

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 5. LOSS FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	2016 RMB'000 (Unaudited)
Auditor's remuneration	<b>132</b>	168
Interest income	<b>(445)</b>	(173)
Depreciation of property, plant and equipment	<b>313</b>	205
Depreciation of investment properties	<b>47</b>	48
Exchange loss, net	<b>466</b>	5
Loss on disposals of property, plant and equipment	<b>23</b>	23
Operating lease charges on land and buildings	<b>2,032</b>	826
(Reversal of allowance for)/ impairment loss of		
– Trade receivables (*)	<b>(346)</b>	72
– Trade deposits	<b>–</b>	(208)

(\*) 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 of approximately RMB346,000 was reversed.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2016: 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 RMB5,654,000 (six months ended 30 June 2016: loss of RMB4,259,000) and the weighted average number of ordinary shares of 244,733,390 (six months ended 30 June 2016: 244,733,390) 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 2017 and 2016.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately RMB506,000 (six months ended 30 June 2016: RMB39,000) and disposed of property, plant and equipment with carrying amount of approximately RMB23,000 (six months ended 30 June 2016: RMB46,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 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 2016: 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 2017. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

## 10. TRADE RECEIVABLES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade receivables	<b>16,610</b>	21,620
Less: Allowance for trade receivables	<b>(100)</b>	(446)
	<b>16,510</b>	21,174

The average credit period granted to trade customers is 90 days. The Group seeks to maintain strict control its outstanding receivables. Allowance for trade receivables is made after the directors have considered the timing and probability of the collection on a regular basis.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 10. TRADE RECEIVABLES (Continued)

The aging analysis of the Group's trade receivables, based on the billing summary and net of allowance, is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
0 to 90 days	<b>6,836</b>	11,136
91 to 180 days	<b>3,534</b>	1,944
181 to 365 days	–	–
1 to 2 years	<b>775</b>	2,700
Over 2 years	<b>5,365</b>	5,394
	<b>16,510</b>	21,174

## 11. TRADE DEPOSITS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade deposits	<b>1,605</b>	1,605
Less: Allowance for trade deposits	<b>(1,005)</b>	(1,005)
	<b>600</b>	600

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 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 on a regular basis.

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Over 2 years and up to 3 years	–	28
Over 3 years	<b>600</b>	572
	<b>600</b>	600

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 12. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal value</b>	
	'000	HK\$'000	RMB'000
<b>Authorised:</b>			
Ordinary shares of HK\$0.1 each			
At 31 December 2016 (Audited),			
1 January 2017 (Audited) and			
30 June 2017 (Unaudited)	2,000,000	200,000	206,000
<b>Issued and fully paid:</b>			
Ordinary shares of HK\$0.1 each			
At 31 December 2016 (Audited),			
1 January 2017 (Audited) and			
30 June 2017 (Unaudited)	244,733	24,473	24,276

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 13. COMMITMENTS

### Operating lease commitments

As at 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>2,054</b>	2,191
In the second to fifth years inclusive	<b>118</b>	66
	<b>2,172</b>	2,257

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 14. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the period:

	<b>Six months ended 30 June</b>	
	<b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	2016 RMB'000 (Unaudited)
<b>(i) Compensation of key management personnel of the Group</b>		
Fees	<b>323</b>	312
Basic salaries and other allowances	<b>897</b>	786
Retirement benefits scheme contributions	<b>34</b>	39
Equity-settled share-based payments	<b>1,415</b>	–
Total compensation paid to key management personnel	<b>2,669</b>	1,137
<b>(ii) Rental payment to a related company owned by a director of the Company</b>	<b>425</b>	401

## 15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2017 (Unaudited) (31 December 2016: Nil (Audited)).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In 2017, the growth of the gross domestic products in the PRC was about 6.9%, which was 0.2% higher than that in the previous year. The upward trend of the macroeconomic situation in the PRC in the second half of 2016 had sustained in the first half of the current year and a number of macroeconomic indicators showed signs of improvement. The nominal GDP growth rate had been on its upward trend for five consecutive quarters, evidencing that the microscopic foundation of the economic operating condition had further enhanced. The economic structure had been continuously optimized and there was a good start in the overall economic development. In the PRC, the real estate market stabilized in the first and second-tier cities but inventory reduced in the third and fourth-tier cities. Price soared in the first and second-tier markets, but remained at an average level in the third and fourth-tier cities.

By the end of 2016, the overall operating environment of the real estate market was mixed mostly because of the tightened policies involving escalated limitations on purchase and loan in the first and second-tier cities since the end of the previous year, which to a certain extent helped to secure the market transaction. As for the third and fourth-tier cities, under the general trend of de-inventory, there was steady increase in both the volume and price in the market. The operations of the Group in north Jiangsu and Ningbo of Yangtze River Delta and Yichang in the central part of the PRC maintained steady growth and achieved satisfactory sales volume during the period under review. At the same time, as for project development, given the faster de-inventory process in the third and fourth-tier cities than that in the first and second-tier cities, we expect there will be other development projects in the second half of the year in some third and fourth-tier cities such as the north of Suzhou. As a result, revenue from comprehensive property consultancy and sales agency service of the Group had increased by approximately 115.0%. Revenue from the pure property planning and consultancy business had slightly increased by 5.4%. The unaudited revenue of the Group for the period amounted to approximately RMB14,570,000, representing an increase of approximately 101.8% from approximately RMB7,220,000 for the corresponding period of last year. In addition, with the proactive cost control measures undertaken by the Group, the overall service costs had only increased by approximately 49.0% during the period under review, mainly due to major cost of services such as marketing expenses had not increased proportionately.

## MANAGEMENT DISCUSSION AND ANALYSIS

As such, the Group had recorded a gross profit of approximately RMB2,105,000 for the period as compared to the gross loss of approximately RMB1,087,000 for the corresponding period of last year. The overall operating and administrative expenses had increased by approximately 44.5% during the period under review mainly due to the amortisation of the share options newly granted in the current period under review. Moreover, dividend income had decreased to approximately RMB591,000 for the period as compared to approximately RMB2,536,000 for the corresponding period of last year. Thus, the loss for the period attributable to owners of the Company increased to approximately RMB5,654,000 from the loss of approximately RMB4,259,000 for the corresponding period of last year.

During the period under review, most of the Group's recorded revenue was generated from the Group's projects in Jiangsu Province, followed by Shanghai and Hubei Province, which represented approximately 83.6%, 11.6% and 1.9% of the Group's total revenue, respectively. On a comparative basis, in the first half of 2016, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Shanghai and Hubei, which represented approximately 77.2%, 11.9% and 9.3% 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 for the properties markets with the majority of business in the PRC. During the six months ended 30 June 2017, the Group managed 7 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2016: 6 projects) in the PRC. The total gross floor area of the underlying properties sold by the Group acting as the agent was approximately 37,000 square meters (for the six months ended 30 June 2016: 40,000 square meters) in the PRC.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects was approximately RMB13,655,000 (for the six months ended 30 June 2016: approximately RMB6,352,000), representing approximately 93.7% of the unaudited total revenue of the Group for the period under review (for the six months ended 30 June 2016: 88.0%).

As at 30 June 2017, the Group had 16 comprehensive property consultancy and sales agency service projects on hand (30 June 2016: 14 projects) with a total unsold gross floor area of approximately 575,000 square meters (30 June 2016: approximately 294,000 square meters). As at 30 June 2017, among the 16 projects, sale of the underlying properties of 2 projects had not commenced.

## **PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS**

During the period under review, the Group has continued to develop its pure property planning and consultancy business in the PRC. For the six months ended 30 June 2017, the Group has provided pure property planning and consultancy services for 4 property development projects (the six months ended 30 June 2016: 4 projects), which generated an aggregate revenue of approximately RMB915,000, representing approximately 6.3% of the unaudited total revenue of the Group (the six months ended 30 June 2016: revenue of approximately RMB868,000 or approximately 12.0%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS AND OUTLOOK

According to the statistics (January to May) from the National Bureau of Statistics of the PRC, during the first half of year 2017, the total sales area of commodity housing amounted to 548.2 million square meters, representing a year-on-year increase of 14.3%. Included among these the total sales area of residential housing increased by 11.9%, and the country's overall investment in the property market amounted to RMB3,759.5 billion, representing a notional decrease of 8.0%. At the macro policy level, during the first half of 2017, the 'one policy for one city' (i.e. to implement category-based regulations and targeted policies in different cities) philosophy promoted by the state was quite different from the previous nationwide 'sweeping' policies. During the year, the state has requested that policy discretion should be applied in different provinces and cities according to their actual situations, and a combination of fiscal, land, tax, investment, legal and other means should be used with a view to explore and establish at a faster pace the basic systems and long-term mechanisms compatible with Mainland China's conditions and market discipline.

1. From the perspective of the 'one policy for one city' philosophy, highly stringent policies involving limitations on purchase, loan, and pricing are adopted in Beijing, Shanghai, Guangzhou and Shenzhen (including local residence). At the same time, the above-mentioned cities also implemented limitations on purchase and expressly prohibited commodity housing from being designed as residential housing or change of use so as to curb the investment demand in all directions and to stabilize the property price. In second-tier cities in the PRC such as Nanjing, Hangzhou and Ningbo, policies involving limitations on purchase (including local residence) and loan are adopted. In third and fourth-tier cities in the PRC such as Jiaxing, Shijiazhuang, Haikou, Zhuhai and Zhongshan, policies regarding limitations on purchase against non-local residence are adopted, while local residence is subject to less stringent policies and may purchase as many as three properties.

## MANAGEMENT DISCUSSION AND ANALYSIS

2. From the perspective of land markets, the policies implemented by the four major first-tier cities in the PRC, namely Beijing, Shanghai, Guangzhou and Shenzhen which also follow similar land policies as actual conditions allow include stringently contain the total amount of lands grant, control both the population and scale of the cities and adopt inclined policies that increase land supply most for affordable housing to secure the living standard of existing population. As for the land held for long term residential purpose, the supply has also increased which attracts major players in the business of operating properties. During the first half of 2017, a total of 820 million square meters of various types of land resources were sold in 300 cities across the country, representing a year-on-year decrease of 1.3%; total areas transacted amounted to 670 million square meters, representing a year-on-year decrease of 1.0%. Increase in both the demand and supply for housing land are observed and a total of 380 million square meters were sold during the first half of the year, representing a year-on-year increase of 7.8%; total area transacted amounted to 320 million square meters, representing a year-on-year increase of 10.7%. The average price of various types of land resources continued to rise for various types of land resources, in which housing land increased by 28.6%. The rise in property price is more apparent in some third and fourth-tier cities in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

3. From the perspective of the statistics of commodity housing, since 2017, in particular in March and April, there were escalation and new ideas in the adjustment means in popular cities. The market situations further tightened amid increasing number of cities subject to adjustment, resulted in a decrease number of real estate developers to launch new property projects for sale and fewer market transactions. In popular first and second-year cities in the PRC, the buyers found their demand for properties of various kinds became more difficult to be satisfied under the influence of the policies adjustment and there was no obvious improvement in the supply side, while the inventory level remained relatively stable. In cities including Beijing, Shanghai, Shenzhen and Suzhou, longer time are required for them to reduce excess inventory. For instance, Shenzhen may need more than 20 months or so to de-inventory. In second-tier cities in the PRC, the situation differs as Chongqing, Shenyang and Xian became more popular under the tightened nationwide regulatory environment and their market transactions operated at high level with recorded number of transaction and transacted amount in April, while there was significant decrease in transaction as compared with the same period last year in most of the popular second-tier cities including Nanjing, Tianjin and Wuhan, thus resulted in persistent low levels in the overall transaction in some representative second-tier cities. As for third-tier cities in the PRC, the overall trend in transaction was mainly affected by the tightened adjustment policies in core surrounding cities and the set-off effect brought by the de-inventory policies in ordinary third-tier cities. Although there was a significant drop in the number of transaction in the core surrounding third-tier cities, the number of transaction in many third-tier cities increased steadily with relative high level of overall transaction scale as they were positively impacted by the de-inventory policies.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the short run, it is unlikely that there will be a pause for the adjustment policies, signifying that the restraining policies primarily aiming at 'limiting purchase and loan' will persist. There will be no burst in the market transaction in the first and second-tier cities in the PRC under such adjustment policies, but the third and fourth-tier cities in the PRC with comprehensive industry chain surrounding these core cities will be able to receive the flow-out customers and enjoy a period of rapid development. During the second half of the year, the Group will continue to closely monitor the small and medium-sized cities surrounding the core cities such as northern Suzhou and Ningbo which we believe will be the main focus of the property market in the near future.

Meanwhile, in response to the volatile domestic property market in PRC, the Group had entered to the overseas market at the end of last year and examined various cities in Southeast Asia and Europe such as Cambodia, Vietnam, Thailand, Malaysia and England. At present, the Group has established a presence in Cambodia to undertake services including project agency, apartment selling and housekeeper so as to conform to the general trend of overseas investment and make a helpful step of the Group in its global expansion. On 5 July 2017, the Asian Development Bank ("ABD") issued a forecast report "Asian Development Outlook" which states that between 2017 and 2018, the GDP growth rate will increase from 7.0% in 2016 to 7.1% in Cambodia. Given the situation, Cambodia has been the central focus of many investors from all over world. It is reported that the GDP in Cambodia has grown from USD6.3 billion in 2005 to USD18.1 billion in 2015, equivalent to a growth of 286.4% over the 10 years, making Cambodia one of the countries with the fastest economic growth in the world. It concurs with the Group's standpoint of 'establishing presence in Cambodia to deliver stable and high-growing investment projects to Chinese investors'.

Furthermore, as to the overseas market, in addition to the marketing of existing agency projects, the Group plans to expand its agency projects to various cities in Southeast Asia and other countries, including but not limited to Pattaya, Phuket, Bangkok, Manchester and Kuala Lumpur. It is expected that sales agency projects will cover not only residential projects but also other properties including residential apartments and serviced apartments.

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the existing business, to better access our overseas projects, the Group has set up a network technology division to achieve accurate sales and marketing of client data through collection, compilation, elimination and analysis of such data. Modern IT techniques are also employed to assist clients who already bought our apartments in real-time monitoring of properties as well as other services such as management, renovation and rental collection etc.

The management will continue to monitor any opportunity in the property market to enhance sustainable and stable growth of income of the Group. The Group will also continue to encourage employees to actively explore potential new projects and prospective property developers. In addition, the Group will also seek to cut down operating expenses by strengthening budget management and cost control, and to strictly control its cash outflow with an aim 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, ultimately to create better returns for the shareholders of the Company.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had unaudited net current assets of approximately RMB59.2 million (31 December 2016: approximately RMB61.5 million), unaudited total assets of approximately RMB74.6 million (31 December 2016: approximately RMB80.7 million) and unaudited shareholders' funds of approximately RMB63.9 million (31 December 2016: approximately RMB67.6 million). The current ratio (calculated by dividing total current assets with total current liabilities) increased from 5.70 as at 31 December 2016 to 6.49 as at 30 June 2017.

As at 30 June 2017, the unaudited bank and cash balances of the Group amounted to approximately RMB50.9 million (31 December 2016: approximately RMB51.4 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any short or long term borrowing as at 30 June 2017 (31 December 2016: Nil).

The Group had no bank borrowings or overdrafts as at 30 June 2017 (31 December 2016: Nil).

As at 30 June 2017, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 0% (31 December 2016: 0%).

## FOREIGN EXCHANGE RISKS

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

## INTEREST RATE RISKS

The Group did not carry any borrowings which are exposed to interest rate risk during the period under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MAJOR INVESTMENTS

The Group had no material investments as at 30 June 2017. As at the date of this interim report, the Group has no future plans for material investments or capital assets.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

## CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2017 (31 December 2016: Nil). The details to other commitments are provided in note 13 to the condensed consolidated interim financial statements on page 18 of this interim report.

## STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2017, the Group had a total of 162 staff (31 December 2016: 135 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, which are reviewed regularly by the management of the Group.

## 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 2017, 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)	86,385,979 Ordinary Shares (L)	35.30%
		Beneficial owner and interest of spouse (Note 3)	1,637,390 Ordinary Shares (L)	0.67%
		Beneficial owner and interest of spouse (Note 4)	4,200,000 Ordinary Shares (L)	1.63% (Note 14)

## 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)	43,622,460 Ordinary Shares (L)	17.82%
		Beneficial owner (Note 6)	305,217 Ordinary Shares (L)	0.12% (Note 14)
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	2.88%
		Beneficial owner (Note 7)	3,551,739 Ordinary Shares (L)	1.38% (Note 14)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Interest of spouse (Note 8)	86,385,979 Ordinary Shares (L)	35.30%
		Beneficial owner and interest of spouse (Note 9)	1,637,390 Ordinary Shares (L)	0.67%
		Beneficial owner and interest of spouse (Note 10)	4,200,000 Ordinary Shares (L)	1.63% (Note 14)
Dr. Cheng Chi Pang ("Dr. Cheng")	The Company	Beneficial owner (Note 11)	305,217 Ordinary Shares (L)	0.12% (Note 14)

## DISCLOSURE OF INTERESTS

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

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Ng Wai Hung ("Mr. Ng")	The Company	Beneficial owner (Note 12)	305,217 Ordinary Shares (L)	0.12% (Note 14)
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 13)	305,217 Ordinary Shares (L)	0.12% (Note 14)

Notes:

- The letter "L" denotes the Directors' long position in the shares ("Shares") or underlying Shares of the Company.
- 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.
- The long position of Mr. Chiang in these 1,637,390 Shares comprised the 894,347 Shares and 743,043 Shares beneficially owned by him and his wife, Ms. Chang respectively. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang was interested by virtue of the SFO.
- The long position of Mr. Chiang in these 4,200,000 Shares comprised 2,400,000 options and 1,800,000 options granted to him and his wife respectively by the Company under the share option scheme on 19 January 2017. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang 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)*

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 in these 305,217 Shares comprised the 105,217 options and 200,000 options granted to her by the Company under the share option schemes on 12 March 2008 and 19 January 2017, respectively.
7. The long position of Mr. Han in these 3,551,739 Shares comprised the 2,051,739 options and 1,500,000 options granted to him by the Company under the share option schemes on 12 March 2008 and 19 January 2017, 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 1,637,390 Shares comprised the 743,043 Shares and 894,347 Shares beneficially owned by her and her husband, Mr. Chiang respectively. Ms. Chang was regarded as interested in all the Shares in which Mr. Chiang was interested by virtue of the SFO.
10. The long position of Ms. Chang in these 4,200,000 Shares comprised 1,800,000 options and 2,400,000 options granted to her and her husband respectively by the Company under the share option scheme on 19 January 2017. Ms. Chang was regarded as interested in all the Shares 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)*

11. The long position of Dr. Cheng in these 305,217 Shares represented 105,217 options and 200,000 options granted to him by the Company under the share option schemes on 12 March 2008 and 19 January 2017, respectively.
12. The long position of Mr. Ng in these 305,217 Shares represented 105,217 options and 200,000 options granted to him by the Company under the share option schemes on 12 March 2008 and 19 January 2017, respectively.
13. The long position of Mr. Cui in these 305,217 Shares represented 105,217 options and 200,000 options granted to him by the Company under the share option schemes on 12 March 2008 and 19 January 2017, respectively.
14. These percentages are calculated on the basis of 257,205,997 Shares of the Company in issue as at 30 June 2017, assuming that all the then outstanding options granted under the share option schemes had been exercised as at that date.

Save as disclosed above, as at 30 June 2017, 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 2017, 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)	86,385,979 Ordinary Shares (L)	35.30%
Upwell Assets	Beneficial owner (Note 3)	43,622,460 Ordinary Shares (L)	17.82%
Ms. Lin Shu Chi	Interest of a controlled corporation (Note 3)	43,622,460 Ordinary Shares (L)	17.82%
Honorway Nominees Limited ("Honorway Nominees")	Beneficial owner (Note 4)	19,528,103 Ordinary Shares (L)	7.98%
Honorway Investments Limited	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.98%
Mr. Ho Hau Chong, Norman	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.98%

## DISCLOSURE OF INTERESTS

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number and class of securities</b> (Note 1)	<b>Approximate percentage of shareholding</b>
Ms. Yvette Therese Ma	Interest of spouse (Note 5)	19,528,103 Ordinary Shares (L)	7.98%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.98%
Ms. Sharon Young	Interest of spouse (Note 6)	19,528,103 Ordinary Shares (L)	7.98%

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 2017, 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 post-IPO share option scheme (“Share Option Scheme A”) was adopted pursuant to the written resolutions passed by all Shareholders on 10 June 2006. The purpose of the Share Option Scheme A was to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme A had remained in force for a period of 10 years commencing 10 June 2006 and had expired.

Another post-IPO share option scheme (“Share Option Scheme B”) was also adopted pursuant to the resolutions passed by all Shareholders on 17 June 2016. The purpose of the Share Option Scheme B is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme B will remain in force for a period of 10 years commencing from 17 June 2016.

Eligible participants of the Share Option Scheme A and Share Option Scheme B 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.

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES (Continued)

Details of the movements in the Company's outstanding share options granted under the Share Option Scheme A and Share Option Scheme B for the six months ended 30 June 2017 were as follows:

Category of participant	Number of shares in respect of share options					Date of grant	Exercise period	Exercise price per Share HK\$	Closing price of the Shares on the trading day immediately before the date of grant HK\$
	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2017				
<b>Directors:</b>									
Chiang Chen Feng	-	1,200,000	-	-	1,200,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	1,200,000	-	-	1,200,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	-	2,400,000	-	-	2,400,000				
Chang Hsiu Hua	-	900,000	-	-	900,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	900,000	-	-	900,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	-	1,800,000	-	-	1,800,000				
Han Lin	1,025,869	-	-	-	1,025,869	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	1,025,870	-	-	-	1,025,870	12/03/2008	12/03/2010 to 11/03/2018	1.065	1.12
	-	750,000	-	-	750,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	750,000	-	-	750,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	2,051,739	1,500,000	-	-	3,551,739				

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES (Continued)

Category of participant	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2017	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	52,608	-	-	-	52,608	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	52,609	-	-	-	52,609	12/03/2008	12/03/2010 to 11/03/2018	1.065	1.12
	-	100,000	-	-	100,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	100,000	-	-	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	105,217	200,000	-	-	305,217				
Cheng Chi Pang	52,608	-	-	-	52,608	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	52,609	-	-	-	52,609	12/03/2008	12/03/2010 to 11/03/2018	1.065	1.12
	-	100,000	-	-	100,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	100,000	-	-	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	105,217	200,000	-	-	305,217				
Ng Wai Hung	52,608	-	-	-	52,608	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	52,609	-	-	-	52,609	12/03/2008	12/03/2010 to 11/03/2018	1.065	1.12
	-	100,000	-	-	100,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	100,000	-	-	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	105,217	200,000	-	-	305,217				

## DISCLOSURE OF INTERESTS

### SHARE OPTION SCHEMES (Continued)

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 2017	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2017			Exercise price per Share HK\$	Exercise price per Share HK\$
Cui Shi Wei	52,608	-	-	-	52,608	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	52,609	-	-	-	52,609	12/03/2008	12/03/2010 to 11/03/2018	1.065	1.12
	-	100,000	-	-	100,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	100,000	-	-	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	105,217	200,000	-	-	305,217				
<b>Employees:</b>									
In aggregate	-	1,750,000	-	-	1,750,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	-	1,750,000	-	-	1,750,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	-	3,500,000	-	-	3,500,000				
Total	2,472,607	10,000,000	-	-	12,472,607				

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 A and Share Option Scheme B of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 73,420,017 Shares as at the date of this interim report) (the "Overriding Limit"). No further options may be granted under the Share Option Scheme A and Share Option Scheme B if this will result in the Overriding Limit being exceeded.

As at the date of this interim report, options granted under the Share Option Scheme to subscribe for 12,472,607 Shares, representing approximately 5.10% of the issued share capital of the Company, remained outstanding.

## **OTHER INFORMATION**

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

Mr. Ng Wai Hung, an independent non-executive Director, has ceased to be an independent non-executive director of GOME Electrical Appliances Holding Limited (stock code: 00493), a company listed on the Stock Exchange, in May 2017; ceased to be an independent non-executive director of Kingbo Strike Limited (stock code: 01421), a company listed on the Stock Exchange, in June 2017; and ceased to be an independent non-executive director of Tech Pro Technology Development Limited (stock code: 03823), a company listed on the Stock Exchange, in March 2017.

### **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 2017.

### **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.

## OTHER INFORMATION

### 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 and A.6.7 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 2017.

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. During the period under review, the Company did not have 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.

Under code provision A.6.7 of the CG Code, the independent non-executive directors and non-executive director should attend general meeting of the Company. Mr. Ng Wai Hung, an independent non-executive director of the Company, was absent from the annual general meeting of the Company held on 16 June 2017 due to his other business commitments.

### 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 2017. The interests held or deemed to be held by individual Directors in the Company’s securities as at 30 June 2017 are set out on pages 31 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 Group for the six months ended 30 June 2017 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, BDO Limited, which has performed certain agreed upon procedures in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agree-upon Procedures Regarding Financial Information" issued by the HKICPA. The findings on the aforementioned agreed-upon procedures have been taken into consideration by the Audit Committee in its review of the interim results and the interim report for the six months ended 30 June 2017.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 were approved by the Board on 28 August 2017.

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

Hong Kong, 28 August 2017