Fortune Sun (China) Holdings Limited

富陽(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 352

Annual Report 2017

Contents

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

Mr. Cheng Chi Pang
Mr. Cui Shi Wei
Mr. Lam Chun Choi

EXECUTIVE COMMITTEE

Mr. Chiang Chen Feng *(Chairman)*
Ms. Chang Hsiu Hua
Mr. Han Lin

AUDIT COMMITTEE

Mr. Cheng Chi Pang *(Chairman)*
Mr. Cui Shi Wei
Mr. Lam Chun Choi

REMUNERATION COMMITTEE

Mr. Cui Shi Wei *(Chairman)*
Mr. Cheng Chi Pang
Mr. Lam Chun Choi

NOMINATION COMMITTEE

Mr. Chiang Chen Feng *(Chairman)*
Mr. Cheng Chi Pang
Mr. Lam Chun Choi

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

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 ADVISERS

Chiu & Partners

PRINCIPAL BANKERS

PRC

China Minsheng Banking Corporation Limited

Hong Kong

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

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

COMPANY WEBSITE

www.fortune-sun.com

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017.

2017 was a mixed year for the real estate industry in the People Republic of China (the "PRC"). According to the statistics from the National Bureau of Statistics of the PRC, in 2017, the total sales area of commodity housing amounted to approximately 1,694 million square meters, representing a year-on-year increase of 7.7%; the sales of commodity housing amounted to approximately RMB13,370 billion, representing a year-on-year increase of 13.7%.

In terms of the policies of the PRC government during the year under review, 2017 was characterized by individual policies for each city. By the end of December, there are a total of 90 cities and 35 counties implementing adjustment policies, with approximately 195 municipal-level policies and 41 county level policies, while Hainan and Hebei adopts adjustment policies at the provincial level. Generally, this round of adjustment was characterized by longer duration, wider involvement and stronger policies. The policies were also expanding from core cities to third or even fourth-tier cities, shifting from demand inhibition to effective supply stimulation, and moving from administrative policies to a coordination of long-term system and short-term adjustments. The housing system is being complemented. During the year, a number of cities have accelerated construction of a system to balance rental housing against purchased housing, so as to build a healthier housing supply system.

In terms of land statistics, there has been a trend of resurgence of demand in the land market, with land supply for various purposes expanding 10.8% year-on-year, and the transactions rising by 12.5% year-on-year. Among them, the volume of land for residential use in the first-tier cities increased by a significant 90% year-on-year, and popular second-tier cities such as Wenzhou, Chongqing and Fuzhou have seen transactions increased by more than 50%. The third and fourth-tier cities have recorded remarkable performances both in supply volume and land prices with active market competitions. Under the adjustments of various policies, the floor price of land for residential use continued to rise, and the premium rate fell down.

Under the support of loosening policy and the reform of demolition with monetized resettlement, the positive growth of third and fourth-tier cities have resulted recovery in the overall real estate market, pushing up the sales area across the PRC. On the other hand, under stringent adjustment policies, the real estate markets of key cities were steadily stabilized, with sales area growth inhibited and transactions reduced considerably. The first-tier cities saw the most significant cooling effect, with transactions similar to that in 2011. During the year under review, the average monthly area transacted in the first-tier cities was about 470,000 square meters, showing the significant impact of stringent adjustment policies on the first-tier cities. Representative second-tier cities have also recorded lower transaction volume similar to that of 2015. Third-tier cities have seen their transaction down, but the absolute volume was still at record high. In terms of price structure of transactions, there is higher proportion of low to middle-priced properties in the first-tier cities, and middle to high-priced properties in the second and third-tier cities as compared to that of last year. On the other hand, if we look at the structure of area transacted, the proportion of transactions of residential housing below 90 square meters is rising in the first-tier cities, while that of large residential housing has decreased. In most other cities, people have shown stronger preference for large residential housing.

As a result of the above policies and environments, the overall operating environment of the property sector was relatively stable as compared to the preceding year. In the first and second-tier cities, property supply was relatively low despite strong demand due to the impact of regulation policies; while the third and fourth-tier cities experienced a surge in both quantity and price, resulting in an obvious destocking effect. Taking the Yangtze River Delta where a substantial portion of the Company's operation is based for example, the transaction volume in Shanghai recorded an accumulative growth of 0.17% in the first three quarters, 10.5% lower than the corresponding period of last year. The property price growth rate of Suzhou and Nanjing slowed to below 4% for the year under review due to limited room for growth after a leading hike in 2016. In contrast, transaction volumes of the third-tier cities such as Nantong and Yancheng remained at high levels.

In terms of the international market, the global economy grew by 3% in 2017, the strongest pace since 2011, driven by a rebound in investment, manufacturing activity, and trade. From a global perspective, the Eurozone's economy grew by 2.4% in 2017, while growth rate of Asian emerging markets and developing economies reached 4.3%, almost twice as high as that of Eurozone, which was mainly supported by China's Belt and Road Initiative. As China's economy continues to strengthen, more and more Chinese companies are going global. China's overseas direct investment continued to grow year on year, making it a key growth engine of the global economy. Meanwhile, China is buying more and more goods from the global market with substantial foreign trade volume with other countries, For example, China has become the largest trade partner of Thailand for five consecutive years with increasing outbound investment from Chinese companies boosted by the Belt and Road Initiative. Although the recovery has become increasingly broad based, the global outlook is still subject to downside risks, which highlightened the need for further measures to accelerate long-term potential growth.

With the implementation of the Belt and Road Initiative, the Company has further expanded into the Southeast Asian market. As an important link on the Belt and Road Initiative, Cambodia has always attracted great attention. As of October 2017, China has been the biggest source of foreign investment for Cambodia, with the agreed investment amount to Cambodia standing at US$12.57 billion, which accounts for 36.4% of the country's total foreign investment. The Company has commenced its property agency and development business in Cambodia, with certain projects have already entered in the implementation phase while, some still at the upfront investment stage. It is expected that more projects will be implemented in the next two years before profits will be achieved.

During the year under review, the Group completed sales for saleable areas of approximately 153,127 square meters, representing a year-on-year increase of 24.59%. The total sales completed was approximately RMB1,476 million, representing an increase of 20.78% year on year. The net turnover of the Group for the year 2017 was approximately RMB26,367,000, representing an increase of 14.56% as compared to approximately RMB23,014,000 in 2016. The loss attributable to owners of the Company was approximately RMB16,644,000, representing an increase of 205.23% as compared to the loss of approximately RMB5,453,000 in last year. The basic loss per share in 2017 was approximately RMB6.80 cents (2016: RMB2.23 cents). Given the loss recorded by the Group for the year and the need of the Group to maintain healthys liquidity level for appropriate investment opportunities in light of the expected slow recovery of the PRC and Southeast Asia property markets in 2018, the Board did not recommend the payment of a final dividend for the year ended 31 December 2016.

The Group undertook a total of 13 projects in 2017, including 9 projects that focused on comprehensive property consultancy and sales agency service. As at 31 December 2017, the Group had a total of 17 executable projects with saleable areas of approximately 408,000 square meters. Looking forward, the Group will continue to endeavor to widen its business project base in order to enhance both the quality and quantity of our property planning, consultancy and sales agency service projects.

In 2017, domestic consumption and export served as double engines for China's economic growth, with a increasing upward trend in the year. 2017 witnessed the deepening of the supply-side structural reform with the domestic economy transforming from focusing on growth speed to systemic development, which accelerated the replacement of old economic drivers with new ones. 2018 will witness stable macro-environment, resilient economic development, unchanged upward trend of economic development, the same direction of financial deleveraging and continuously low of "Broad money" growth rate.

Cambodian prime minister Hun Sen obtained the commitment of US$7 billion's investment from China during his visit to Beijing, indicating the increasing Chinese investment in Cambodia. Meanwhile, Shenzhen plans to build Solar Energy Village in Cambodia in 2018. With the closer relationship between Cambodia and China, it is expected that the economic development will be accelerated with great possibility of rise in housing prices, in 2018. In addition, with the implementation of the Belt and Road Initiative, countries such as Thailand and Malaysia embraced new development opportunities. In 2018, the Group will carry out agency work, develop and operate projects by utilizing local resources and integrating online and offline network systems, in order to realize the industry chain from the land acquisition, construction to sales agency.

Domestically, the Yangtze River Delta remained as the key business area of the Group. As the main provinces in the Yangtze River Economic Belt, Jiangsu, Zhejiang, Shanghai and Anhui boast vibrant economies, complete industry chain, early established innovation mechanism, and strong ability to attract population and concentration of wealthy individuals, and as such have remained the regions of attention for the Company's agency operations. At the same time, the third-tier cities with advantageous geographical position in aforesaid provinces can receive the flow-out customers from the first and second-tier cities such as Shanghai and Nanjing, having great potential of development in future. Based in the first and second-tier cities and taking the second and third-tier cities as business centers, the Group will actively respond to the national policies on destocking, classify and provide service for various types of customer groups, and integrate the online and offline business at home and abroad.

In 2018, the Group will continue to keep abreast of the economic and market developments on domestic levels, and adjust the market positioning of the Group accordingly to better exert our advantages in experience, while taking full advantage of existing resources in the industry in light of the real estate and relevant fiscal policies of the PRC government. The Group will also strive to expand the property consultancy and sales agency businesses in the first and second-tier cities with its prudent and optimistic strategies, so as to increase the number of projects, identify appropriate investment opportunities and broaden sales sources. At the same time, the Group has also targeted the Southeast countries in the "One Belt One Road" regions as its investment targets. On the other hand, the Group will strive to cut operating expenses by strengthening budget management and cost control, as well as to strictly control its cash flow, so as to ensure a healthy financial situation for sustainable and stable long term development.

Last but not least, I would like to extend my appreciation to all the members of the Board, the management and the staff for their ongoing efforts over the past year. I also wish to express my sincere gratitude to our shareholders, customers and business partners for their consistent trust in the Group and support to the Group. We will continue to dedicate our efforts towards the long-term development of the Group and strive for satisfactory returns for the shareholders.

By Order of the Board
Fortune Sun (China) Holdings Limited

Chiang Chen Feng
Chairman

26 March 2018
Hong Kong

DIRECTORS

Executive Directors

Mr. Chiang Chen Feng (江陳鋒), aged 53, is the Chairman and an executive Director and one of the founders of the Group. Mr. Chiang graduated from Feng Chia University (逢甲大學) in Taiwan in June 1989 with a bachelor's degree in business management and started to engage in real estate property valuation and market research. During 1995 to 1996, Mr. Chiang was a researcher of Coastal Greenland Limited (Stock Code: 01124) (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), and focused on the PRC market. Mr. Chiang co-founded the Group in April 1997 and was appointed as a director of Shanghai Fu Yang Property Consultant Co., Limited (上海富陽物業諮詢有限公司) ("Shanghai Fortune Sun") since then. He is also a director of each of the other subsidiaries of the Company. Mr. Chiang is the spouse of Ms. Chang Hsiu Hua, an executive Director. Mr. Chiang is currently the director of Active Star Investment Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this annual report.

Ms. Chang Hsiu Hua (張秀華), aged 52, is an executive Director. Ms. Chang obtained her bachelor's degree in public finance from Feng Chia University (逢甲大學) in Taiwan in June 1988. In 1988, Ms. Chang joined Subaru Motors Co., Ltd. (仲慶汽車有限公司) and was responsible for valuation and insurance matters. In January 1993, she commenced working at Equity Law Firm (衡平法律事務所) and was responsible for legal related matters. Ms. Chang joined Shanghai Fortune Sun as a manager of the finance department in July 1997 and she was appointed as a member of the senior management of Shanghai Fortune Sun in January 2000 and has been responsible for financial management. In August 2005, Ms. Chang was appointed as a director of Shanghai Fortune Sun. She is also a director of two other subsidiaries of the Company. Ms. Chang is the spouse of Mr. Chiang Chen Feng, the Chairman and an executive Director.

Mr. Han Lin (韓林), aged 50, is an executive Director. Mr. Han obtained a bachelor's degree in applied geophysics from Sichuan United University Chengdu College of Geology (四川聯合大學成都地質學院大學) in June 1989. Mr. Han is the holder of Certificate for Real Estate Brokers in Shanghai (上海房地產經紀人證書). During 1989 to 1996, Mr. Han worked at the Shanghai Bureau of Marine Geological Survey (上海海洋地質調查局). Mr. Han has been a director of Shanghai Fortune Sun since April 1997. Mr. Han is also a director of three other subsidiaries of the Company. Since January 2003, he was appointed as a deputy general manager of the business development department of Shanghai Fortune Sun and had been responsible for the business development of the Group. In May 2009, he was appointed as the vice-president of Shanghai Fortune Sun.

Non-executive Director

Ms. Lin Chien Ju (林倩如), aged 45, is a non-executive Director. Ms. Lin obtained a Hospitality Management Diploma from the Educational Institute of the American Hotel and Motel Association in April 1996 and she obtained a bachelor's degree in Business Administration from the American University in London in August 1996. Ms. Lin received her Master of Arts Degree in Management from the Dominican University of California, the United States in May 1998. Ms. Lin is one of the co-founders of the Group. Ms. Lin has been a director of Shanghai Fortune Sun since April 1997. Ms. Lin is currently a director of Upwell Assets Corporation, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this annual report.

Independent Non-executive Directors

Mr. Cui Shi Wei（崔士威）, aged 66, has been appointed as an independent non-executive Director since June 2006. Mr. Cui obtained master's degree in Law from the Jilin University in the PRC in July 1986. Mr. Cui was a lecturer at the Law School of Jilin University（吉林大學法學學院）from July 1986 to July 1992. Mr. Cui worked as a senior management member of two nationwide insurance companies and Coastal Greenland Limited (Stock Code: 01124), the shares of which are listed on the Stock Exchange.

Mr. Cheng Chi Pang（鄭志鵬）, aged 60, has been appointed as an independent non-executive Director since June 2006. Mr. Cheng obtained a bachelor's degree in Business and a master degree in Business Administration from Curtin University of Technology and Heriot-Watt University in 1992 and 1998 respectively. In addition, Mr. Cheng obtained a Master of Laws (Chinese and Comparative Law) from City University of Hong Kong. Mr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practising Accountants and the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. Mr. Cheng is a Certified Public Accountant practising in Hong Kong and has over 30 years of experience in auditing, business advisory and financial management. Mr. Cheng had been a group financial controller of NWS Holdings Limited (Stock Code: 00659), the shares of which are listed on the Stock Exchange. Currently, Mr. Cheng is the senior partner of Leslie Cheng & Co. Certified Public Accountants and the chairman and chief executive officer of L & E Consultants Limited. Mr. Cheng is also an independent non-executive director of China Ting Group Holdings Limited (Stock Code: 03398) and Tianjin Port Development Holdings Limited (Stock Code: 03382), all of which are companies listed on the Stock Exchange. Mr. Cheng was an independent non-executive director of Nine Dragons Paper (Holdings) Limited (Stock Code: 02689) and a non-executive director of Wai Kee Holdings Limited (Stock Code: 00610) and Build King Holdings Limited (Stock Code: 00240) which he resigned in March 2016, May 2016 and May 2016, respectively.

Reference is made to the announcement of the Company dated 13 January 2016. By an order dated 18 December 2015 (the "Order") made by the disciplinary committee of the Hong Kong Institute of Certified Public Accountants, Mr. Cheng was found to be in breach of the Hong Kong Standards on Auditing 220 and paragraphs 100.4 and 130.1 of the Code of Ethics for Professional Accountants, and was ordered to pay a penalty of HK$100,000 and costs of the hearing totaling HK$10,250. In addition, Mr. Cheng and the other respondent were ordered to jointly and severally pay the remaining costs and expenses of and incidental to the complaint proceedings in a sum of HK$280,788.70. The Board confirms that the Order does not relate to, and will not affect, the normal business operations of the Company and its subsidiaries. The Board does not consider that the Order would have any impact on Mr. Cheng's ability to discharge his duties as an independent non-executive Director.

The Company was informed by Mr. Cheng on 14 March 2018 that he had surrendered the honorary doctorate degree (the "Honorary Degree") granted to him by Burkes University in November 2003 and that he will not use such honorary title in the future.

According to Mr. Cheng, he received an e-mail in 2003 from Burkes University stating that Mr. Cheng had been short-listed by the Honorary Doctorates Committee of Burkes University for the conferment of the Honorary Degree. Mr. Cheng subsequently performed a brief check on the internet, and nothing had drawn to his attention that the e-mail was a scam e-mail or from a mendacious sender. Mr. Cheng was aware that the Honorary Degree is honorary in nature, and given that it is not uncommon for honorary degrees to be awarded by universities at their discretions to persons with or without any prior connection or otherwise meeting any matriculation or research requirements, he did not find any abnormality in respect of the proposed conferment of the Honorary Degree by Burkes University in 2003. Mr. Cheng followed the procedures prescribed in the e-mail and submitted the relevant application documents to Burkes University for consideration. In or about November 2003, Mr. Cheng received the original certificate of the Honorary Degree dated 27 November 2003 issued by Burkes University along with materials detailing information of Burkes University by post.

Based on public information, there have been allegations that Burkes University had not obtained the required licence from the relevant government authority and is not a recognised university. As informed by Mr. Cheng, Burkes University does not have a website of its own, and he cannot find any information regarding the status of Burkes University in 2003 when the Honorary Degree was awarded. For prudence sake, he had surrendered the Honorary Degree and that he will not use such honorary title in the future.

Mr. Lam Chun Choi（林俊才）, aged 49, has been appointed as an independent non-executive Director since September 2017. Mr. Lam received a bachelor's degree in Social Sciences from the University of Hong Kong in 1990, and qualified as a Hong Kong lawyer in 1997. Mr. Lam provided legal advisory service in international law firms and multinational listed companies. He has over 20 years of experience in corporate finance, company and business-related legal and regulatory compliance.

SENIOR MANAGEMENT

Ms. Wang Jia（王佳）, aged 48, is a director of Shanghai Fortune Sun and is responsible for supervising all development projects and managing the day-to-day operations of the Group. Ms. Wang joined the Group in April 1997 and had hold the positions of the executive, the assistant manager, manager and the deputy general manager and the general manager of sales department, the regional senior manager and the deputy regional general manager of sales department in Shanghai Fortune Sun. Ms. Wang graduated from Shanghai University in July 1992, majoring in mechanical design and manufacturing. Ms. Wang has 24 years of experience in property sales and marketing and is also a holder of Certificate for Real Estate Brokers in Shanghai（上海房地產經紀人證書）.

Mr. Wu Yungang（吳蘊鋼）, aged 40, is a regional general manager of Shanghai Fortune Sun and is responsible for coordinating all development projects and managing day-to-day operations of Shanghai Fortune Sun. Mr. Wu joined the Group in September 1997 and had held the positions of deputy manager, manager, the regional senior manager and the deputy general manager of sales department in Shanghai Fortune Sun. Mr. Wu graduated from the Artillery College of the PRC Liberation Army with certificate of administration and management in June 2005. Mr. Wu has 18 years of experience in real estate sales and marketing.

Mr. Lee Kwai San（李桂新）, aged 56, is the company secretary of the Company since November 2015 and is responsible for the company secretarial functions of the Group. Mr. Lee has more than 26 years of experience in the finance and investment banking industry. Mr. Lee has previously worked in a number of investment banks and securities companies and was in charge of finance, compliance and company secretarial functions. Moreover, he also gained auditing experience in an international accounting firm before joining the finance and investment banking industry. Mr. Lee graduated from the Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and the Hong Kong Securities and Investment Institute.

Mr. Lui Cheuk Wah（呂焯華）, aged 33, is the chief financial officer of the Company since May 2017. Mr. Lui has over 10 years of experience in the accounting and financial industry. Prior to joining the Group, Mr. Lui was an assistant audit manager of RSM Hong Kong. He obtained a Bachelor of Commerce, major in accounting from Curtin University of Technology and is a member of the Certified Practising Accountant Australia and the Hong Kong Institute of Certified Public Accountants.

MARKET AND BUSINESS REVIEW

By the end of 2017, the overall operating environment of the property sector was relatively stable as compared to the preceding year. In the first and second-tier cities, property supply was relatively low despite strong demand due to the impact of regulation policies; while the third and fourth-tier cities experienced a surge in both quantity and price, resulting in an obvious destocking effect. Taking the Yangtze River Delta where a substantial portion of the Company's operation is based for example, the transaction volume in Shanghai recorded an accumulative growth of 0.17% in the first three quarters, which was 10.53% lower than the corresponding period of last year. The property price growth rate of Suzhou and Nanjing slowed to below 4% for the year under review due to limited room for growth after a leading hike in 2016. In contrast, transaction volumes of the third-tier cities such as Nantong and Yancheng remained at high levels.

With the implementation of the Belt and Road Initiative, the Company has further expanded into the Southeast Asian market. As an important link on the Belt and Road Initiative, Cambodia has always attracted great attention. As of October 2017, China has been the biggest source of foreign investment for Cambodia, with the agreed investment amount to Cambodia standing at US$12.57 billion, which accounts for 36.4% of the country's total foreign investment. The Company has commenced its property agency and development business in Cambodia, with certain projects have already entered in the implementation phase while, some still at the upfront investment stage. It is expected that more projects will be implemented in the next two years before profits will be achieved.

Regarding the Group's operations during the year under review on a geographical sense, most of the Group's recorded revenue was generated from projects in Jiangsu Province, followed by Hubei Province and Shanghai, which represented approximately 69.07%, 19.17% and 8.78% of the Group's total revenue respectively. On a comparative basis, in 2016, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Shanghai and Zhejiang Province. Regarding business and products segments, during the year under review, the revenue generated from the comprehensive property consultancy and sales agency service business increased and remained a major source of income for the Group and accounted for approximately 93.40% of the total revenue (2016: approximately 92.95%), while the revenue generated from the pure property planning and consultancy accounted for approximately 6.60% of the total revenue (2016: approximately 7.05%).

In 2017, the Group recorded revenue of approximately RMB26,367,000, representing an increase of approximately 14.56% as compared to the revenue in the corresponding period of last year and gross profit decreased from approximately RMB2,254,000 in last year to approximately RMB271,000 in the current year. As the result of increase in overall cost of services of approximately 25.53% mainly due to increase in major cost of services such as rental expenses, consultation fees and marketing expenses, the gross profit margin also dropped to approximately 1.03% during the year under review from approximately 9.79% in last year. The overall operating and administrative expenses also increased by approximately 26.32% as compared to last year. The dividend income decreased to approximately RMB590,000 from RMB2,536,000 for the corresponding period of last year. Besides, there was an equity-settled share-based payment amounting to approximately RMB4,028,000 in the current year under review. Thus, the loss for the period attributable to owners of the Company increased to RMB16,644,000 from the loss of RMB5,453,000 for the corresponding period of last year.

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

During the year under review, the provision of comprehensive property consultancy and sales agency services for the primary property market in the PRC was the core business of the Group. In 2017, most of the revenue of the Group was generated from 13 comprehensive property consultancy and sales agency service projects (2016: 9 projects) with approximately 153,127 square meters (2016: approximately 122,902 square meters) of total saleable gross floor areas of the underlying projects. The reported revenue from these comprehensive property consultancy and sales agency service projects for the year ended 31 December 2017 was approximately RMB24,626,000, representing approximately 93.40% of the total revenue of the Group (2016: approximately RMB21,391,000, representing approximately 92.95% of the total revenue).

As at 31 December 2017, the Group had 17 comprehensive property consultancy and sales agency service projects on hand with total unsold gross floor areas of approximately 408,000 square meters (2016: approximately 289,000 square meters). Among these 17 projects, sales of the underlying properties of 2 projects have not yet commenced as at 31 December 2017.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the year ended 31 December 2017, the Group implemented in total 5 pure property planning and consultancy service projects (2016: 4 projects). As a result of the stabilized property market in the PRC, the reported revenue generated from this business segment for the year increased by approximately 7.27% to approximately RMB1,741,000, representing 6.60% of the total revenue for the year of 2017 (2016: approximately RMB1,623,000, representing 7.05% of the total revenue).

PROSPECTS AND OUTLOOK

In 2017, domestic consumption and export served as double engines for China’s economic growth, with an increasing upward trend in the year. 2017 witnessed the deepening of the supply-side structural reform with the domestic economy transforming from focusing on growth speed to systemic development, which accelerated the replacement of old economic drivers with new ones. 2018 is expected to witness stable macro-environment, resilient economic development, unchanged upward trend of economic development, the same direction of financial deleveraging and continuously low of “Broad Money” growth rate.

Cambodian prime minister Hun Sen obtained the commitment of US$7 billion’s investment from China during his visit to Beijing, indicating the increasing Chinese investment in Cambodia. Meanwhile, Shenzhen plans to build Solar Energy Village in Cambodia in 2018. With the closer relationship between Cambodia and China, it is expected that the economic development will be accelerated with great possibility of rise in housing prices in 2018. In addition, with the implementation of the Belt and Road Initiative, countries such as Thailand and Malaysia embraced new development opportunities. In 2018, the Group will carry out agency work, develop and operate projects by utilizing local resources and integrating online and offline network systems, in order to realize the industry chain from the land acquisition, construction to sales agency.

Domestically, the Yangtze River Delta remained as the key business area of the Group. As the main provinces in the Yangtze River Economic Belt, Jiangsu, Zhejiang, Shanghai and Anhui boast vibrant economies, complete industry chain, early established innovation mechanism, and strong ability to attract population and concentration of wealthy individuals, and as such have remained the regions of attention for the Company's agency operations. At the same time, the third-tier cities with advantageous geographical position in aforesaid provinces can receive the flow-out customers from the first and second-tier cities such as Shanghai and Nanjing, having great potential of development in future. Based in the first and second-tier cities and taking the second and third-tier cities as business centers, the Group will actively respond to the national policies on destocking, classify and provide service for various types of customer groups, and integrate the online and offline business at home and abroad.

In 2018, the Group will continue to focus on the comprehensive property consultancy and sales agency service as its main businesses and will remain cautious in relation to market volatility and changes. The Group will endeavor to continue its cooperation with property developers and new potential business partners targeting at commodity housing, and focus on the development opportunities in the first and second-tier cities in the PRC. The Group will also strive to secure more property consultancy and sales agency service projects.

The year 2018 will remain as a year for the Group to broaden sources of income and to minimize expenditures. The management of the Group will endeavor to incentivize their employees to proactively identify new projects and new developers to identify appropriate investment opportunities, and strive to cut operating expenses by means of strengthening budget management and cost control, so as to pursue a long-term development for the Company and its employees as a whole and satisfactory return to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had net current assets of approximately RMB49,784,000 (2016: RMB61,547,000), total assets of approximately RMB63,529,000 (2016: RMB80,694,000) and shareholders' funds of approximately RMB54,763,000 (2016: RMB67,601,000).

As at 31 December 2017, the bank deposits and bank and cash balances of the Group amounted to approximately RMB39,445,000 (2016: RMB51,442,000).

BANK BORROWINGS AND OVERDRAFTS

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

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any short term borrowing (2016: RMBNil) nor long term borrowing (2016: RMBNil) as at 31 December 2017.

As at 31 December 2017, the Group did not have any borrowings. The gearing ratio of the Group (calculated on the basis of total bank and other borrowings over total equity) was 0% (2016: 0%).

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances, as the Group had no bank borrowings as at 31 December 2017 (2016: Nil).

STAFF AND THE GROUP'S EMOLUMENT POLICY

As at 31 December 2017, the Group had a total of 139 staff (2016: 149 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.

MAJOR INVESTMENTS

For the year ended 31 December 2017, save for the investment properties held by the Group as set out in the section headed "Summary of Major Properties" of this annual report, no other significant investment was held by the Group. As at the date of this annual report, save for the investment properties held by the Group, the Group had no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

Excepts as disclosed in note 28 to the consolidated financial statements, the Group had no material capital commitments as at 31 December 2017 (2016: Nil)

ABOUT THIS REPORT

This report aims to outline the environmental, social and governance ("ESG") performance of Fortune Sun (China) Holdings Limited ("Fortune Sun China", "the Company" or "We") and its subsidiaries (the "Group") during the financial year from 1 January 2017 to 31 December 2017. This report was prepared according to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules issued by the Stock Exchange of Hong Kong Limited ("Stock Exchange"). The information covered in this report focuses on the comprehensive property consultancy and sales agency services operated by the Group in Shanghai and Hong Kong.

ABOUT THE GROUP

In the over two decades of operation since establishment, with the vision of "Advancing the World from China"(從中國升起，向全球發光), the Group values the importance of contributing our resources to maintain sustainable development in the long run, in a manner to fulfill its environmental and social responsibilities as a responsible corporate citizen. Although as a property services provider, our operations have a relatively small environment impact as compared to other industries, we still endeavour to minimise our environmental footprint in our daily operations by implementing various measures, such as promoting energy conservation in our offices and enhancing the environmental awareness of our employees. We strictly abide by all relevant laws and regulations in respect of our business operations. The Company considers its employees as its valuable assets and is committed to providing a better workplace and adequate trainings to support their career developments.

With this report, we aim to introduce the Group's efforts and performance in sustainable development in the past year, so as to enhance the stakeholders' confidence and maintain our competitiveness in the industry. Looking forward, the Group will continue to proactively implement our policies on environmental protection and social care to advance sustainable development internally and externally.

FEEDBACK

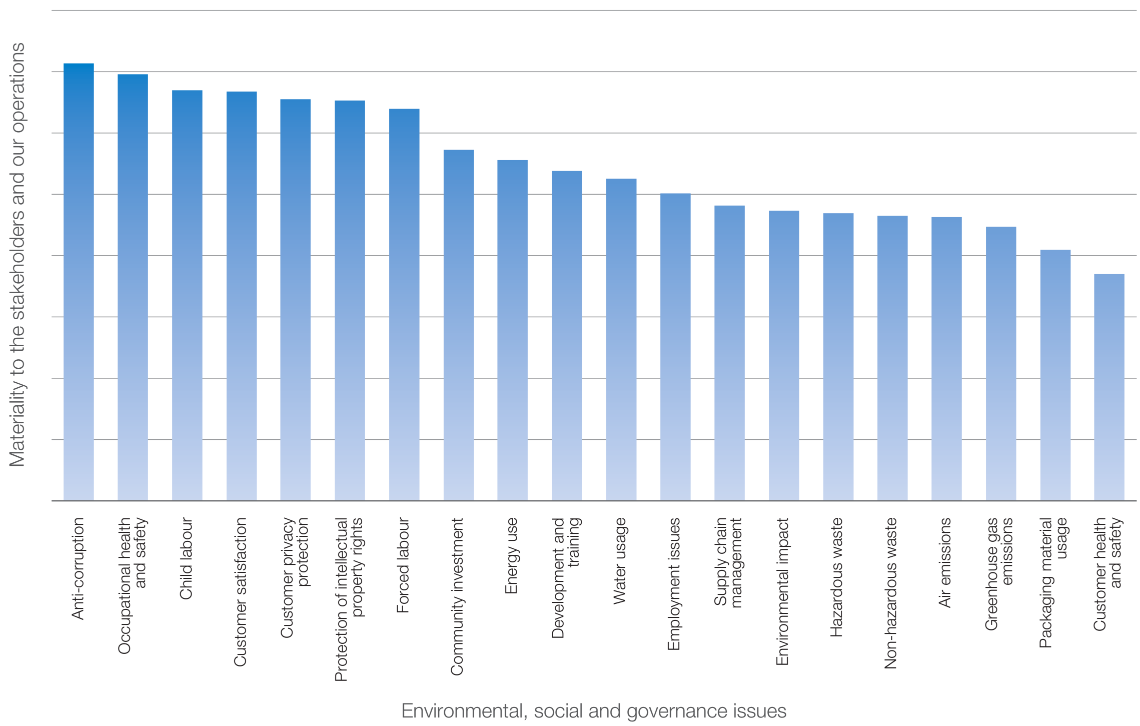
If you have any advices on this report or our performance on sustainable development, please contact us by email at info@fortune-sun.com. Your feedback would greatly help us continuously improve our sustainable policies.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We believe that understanding the views of stakeholders is conducive to our long-term development. We engage our stakeholders regularly across various channels, such as seminars, staff trainings, direct communication with customers, shareholder activities and investment seminars. The Group will continue to encourage stakeholder participation through different forms of dialogues.

In order to identify the materiality of specific ESG issues to the Group, an online survey was launched to internal and external stakeholders. The survey covered 20 sustainability issues such as labour practices, environmental protection, supply chain management and community investment. The stakeholders may rank each sustainability issues according to the importance and relevance to the operations of the Company and provide feedback on interested topics. Through analysis of the survey results, we have identified the issues that the stakeholders regarded as important and will inject more resources to these issues in the future. A materiality graph that revealed the most concerned ESG issues to the Group was as follow:

Material Sustainability Issues



OPERATING PRACTICES

Anti-corruption

To ensure service quality and professionalism of the Group, we do not tolerate any form of bribery, extortion, fraud or money laundering. All new employees are required to receive anti-corruption training and enter into Employee Anti-corruption Warranty (企業員工廉潔保證書) with the Company to ensure that they understand the contents in the training and to minimize possibility of any corruption. The Employee Handbook (員工手冊) distributed to all employees also specifies the required disciplines in business activities. In addition, we also require our suppliers not to bribe our employees in any way and may terminate the partnership in case of any breach. During the current financial year, the Group was not aware of any non-compliance with the laws and regulations relating to bribery, extortion, fraud and money laundering.

Protection of customer privacy and intellectual property rights

The Group strictly complies with its confidentiality obligation in accordance with all laws and regulations concerning data privacy and intellectual property. Employees shall not disclose or misuse any information, trade secrets relating to trading or operation of the Company or other confidential information relating to our suppliers and customers for their own personal benefit. All confidential data and items must be kept and properly preserved by authorised personnel. All employees will receive confidentiality training and enter into Employee Confidentiality Agreement (企業員工保密協議) with the Company to make sure they are fully aware of the importance of protection of privacy and intellectual property rights and are capable of protecting the information of the Company and customers properly to prevent information leaks from happening. The Employee Handbook distributed to all employees also stipulated the confidentiality rules and what employees may not do. In the event that there is leakage of confidential documents or information by any staff, he or she will be dismissed and held legally liable for the leakage.

Our intellectual property rights, particularly registered trademarks and domain names are important to our success in property agency projects and sales. We will continue to protect our intellectual property rights by filing proper registration on a timely manner. We also respect the intellectual property rights of third parties. We seek necessary authorisation if intellectual property of third parties will be used.

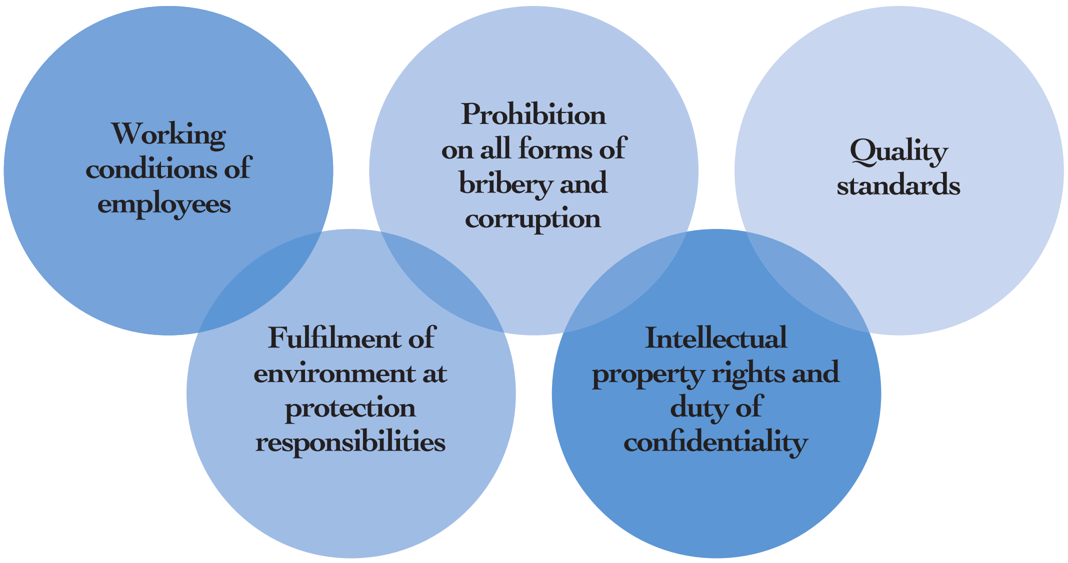
In addition, we also require suppliers to perform the same obligations of intellectual rights protection and confidentiality in accordance with the requirements of the relevant laws and regulations, and may terminate the cooperation in case of any violation. During the current financial year, the Group was not aware of any non-compliance with the laws and regulations relating to the customer privacy and intellectual property rights.

Service responsibility

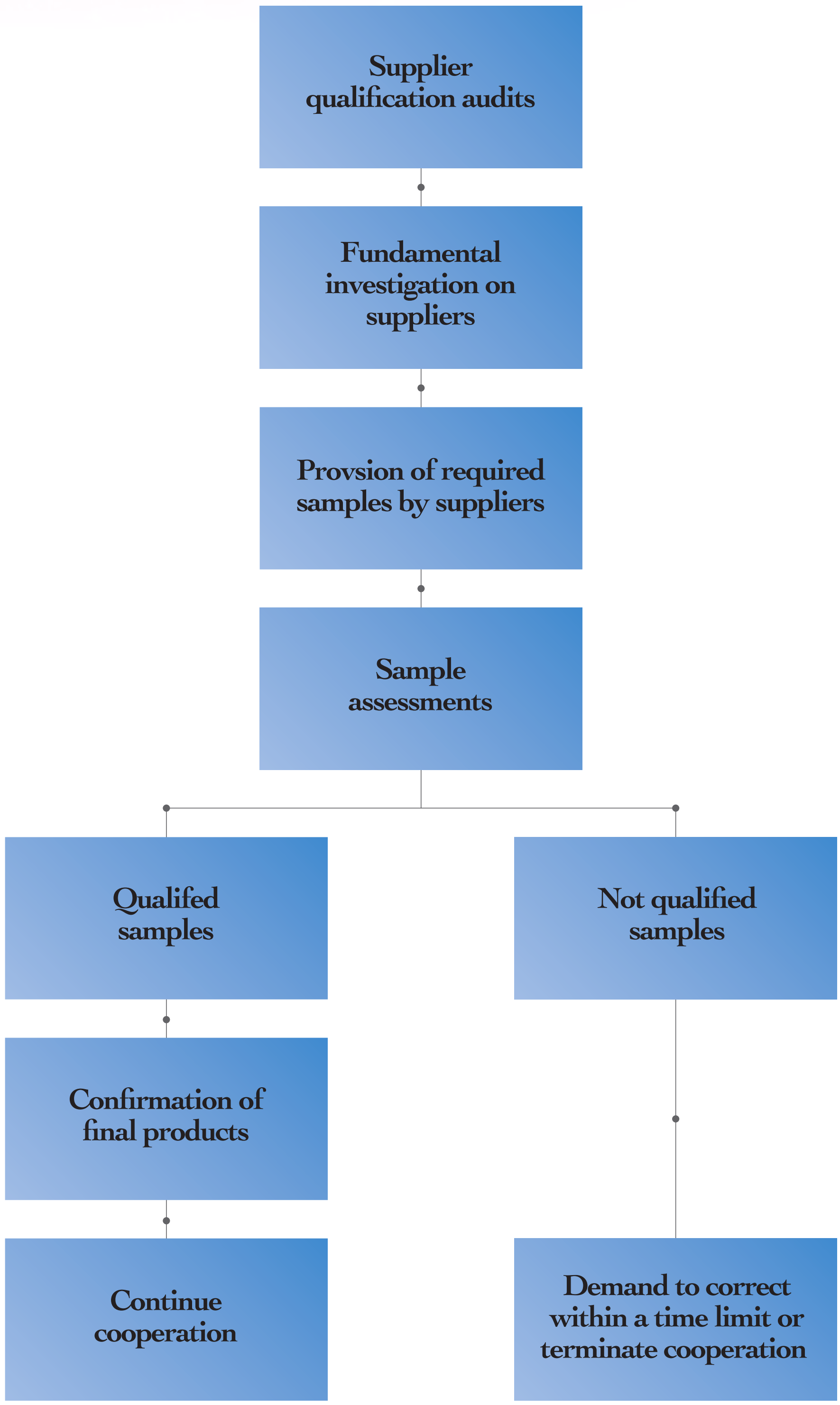
As one of the Top 10 property consulting and agency planning enterprises in China, the Group attaches great importance to its service quality. We strictly complied with the relevent laws and regulations on sales and advertisement, including Administrative Measures on Sales of Commercial Properties (商品房銷售管理辦法), Administrative Provisions on the Urban Real Estate Agency Services (城市房地產中介服務管理規定), Administrative Measures on Pre-Sale of Urban Commercial Properties (城市商品房預售管理辦), Interim Provisions on the Release of Real Estate Advertisements (房地產廣告發佈暫行規定) and Notices on Further Strengthening Management of Real Estate Advertisements (關於進一步加強房地產廣告管理的通知). The Group received no product or service complaints during the current financial year. The advertisement services of the Group are provided by the suppliers, the management of which is elaborated in the subsequent sections of this report.

Management of suppliers

The major suppliers of the Group include service vendors that provide services including but not limited to renovation services and advertisement designing services. In order to manage the supplies properly and ensure a long-term cooperation relationship, we formulated a Code of Ethics and Code of Conduct for Suppliers (供應商道德規範和商業行為準則) which is applicable to all suppliers. The code, covering five major areas, requires suppliers to abide by relevant laws and regulations, and expects them to recognise and fullfil their ethical responsibilities to attain mutual trust and respect between the Group and the suppliers.



To further ensure the quality of service provided, our suppliers are required to sign a Supplier's Undertaking for Quality (供應商質量承諾書), whereby the supplier undertake to ensure its business qualifications and delivery quality. The Group also established its Supplier Management Process (供應商管理流程) for conducting quality and safety assessment of samples so as to provide customers with high-quality products and services.


Supplier qualification audits
Fundamental investigation on suppliers
Provsion of required samples by suppliers
Sample assessments
Qualifed samples
Not qualified samples
Confirmation of final products
Continue cooperation
Demand to correct within a time limit or terminate cooperation

STAFF MANAGEMENT

Employee benefits and engagement

The Group believes that employees are essential for the sustainable development of its business. Therefore, we strive to increase employee satisfaction and well-being at work and create a pleasant and harmonious workpalce to help retain talents.

As a responsible corporate, the Group has established Personnel Management Rules and Regulations (人事管理規章), Remuneration System (薪資制度) and Employee Handbook in accordance with relevant laws and regulations to ensure employees are entitled to reasonable compensation and rights, including but not limited to minimum wages, working hours, statutory holidays and paid annual leave and no unreasonable dismissal. We do not encourage employees to work beyond working hours and employees who had to work overtime are entitled to overtime pay. We also participated in various employees benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contributed to the plans timely according to relevant national laws. The Group was not aware of any cases of violation of the laws and regulations concerning employment during the reporting period.

In addition, an employee welfare committee was established to provide a synergised welfare services platform to all employees and their families. The committee organises a wide array of employee activities and regular social gathering events, such as birthday parties and staff gatherings. We provide other welfare measures including pension, wedding cash gifts, travel benefit to facilitate communication and interaction among employees of the Group. To reward employees for their outstanding efforts, the Company also offers attendance, quarterly and year-end bonuses to motivate its talents for better performance. In the year end, a "Christmas Family Carnival" (聖誕家年華) was held, bringing together the employees and their family members of the Group for a wonderful weekend.

Since the daily operation of the Group is predominantly office-based, it was assessed as involving less occupational hazards as compared to other industries. Nevertheless, we still attach great importance to the health and safety of employees. Employees are required to keep the workplace clean and safe and no smoking and spitting in the workplace. In the case of any unsafe working conditions or work-related accidents, the management would be notified immediately.

We value the voice of every employee and encourage our staff to express their ideas and advices to our Company or the management through the complaint channels in place, in order to allow the management to understand the problems encountered by our employees when performing their duties, and respond with the appropriate improvements. Through these measures, we aim to reinforce the sense of belonging of our employees and facilitate the communication between the employees and the management.

Staff recruitment and training

To create a fair and diversified workplace, we have adopted principles in hiring and promoting employees based on meritocracy, providing equal opportunities for all employees regardless of gender, race, age, disability, marital status or other grounds.

Suitable and adequate training for employees will help achieve the overall strategic targets of the Company as well as facilitate long-term career development for our employees. Therefore, we have developed a training system for all departments and employees to improve their knowledge, skills and values through different training methods. All new employees are required to attend induction training to understand the culture, goals and philosophy of the Company and better adapt to the new working environment. The contents of the training include the requisite job-related knowledge, labour standards and anti-corruption information, etc. In addition, we also provide executive training and professional training to the senior staffs to enhance their management skills and expertise. Continuing education is also encouraged and opportunities for external training courses and tuition fee subsidies will be given to qualified employees. Assessment will be conducted after training sessions to ensure the employees have fully understood the training content and help improve trainings in the future.

In order to further motivate staff to participate in the training, the Group has established a points-based training management system where employees can earn points after completion of the training according to the course content and assessment results. The annual accumulated points would be then used as a reference for promotion.

ENVIRONMENTAL PROTECTION

The principal activities of the Group are provision of one-stop property consultancy and sales agency services. Since we do not operate in an environmentally sensitive business, the impact of our operations and activities on the environment and natural resources is immaterial. Nevertheless, the Group is still committed to formulating relevant environmental policies in our daily operations. During the year under review, there was no non-compliance with the laws and regulations in Hong Kong and Mainland China relating to environmental protection. In the future, the Group will continue to operate its business in an environmentally-friendly way and promote sustainable development through various measures.

In providing property consultancy services, the Group will also consider the potential environmental impact of the project. For example, it will obtain information on the environmental protection measures of the project and compliance with local environmental laws and regulations to enable customers to have a thorough understanding of the environmental protection elements and impact of the project.

Emissions

The Group's operations do not produce significant air emissions, discharges into water or generation of hazardous and non-hazardous wastes. Our environmental footprint is mainly comprised of air emission for vehicle, and greenhouse gas ("GHG") emissions from use of electricity in office, consumption of vehicle fuel and travelling. The Group's GHG emissions for the year were approximately 108.09 tonnes of carbon dioxide equivalent (tCO_2e), representing a density of 0.78 tCO_2e per employee. We have implemented various energy conservation and emission reduction measures, the details of which are set out in the subsequent sections of this report.

Air Emission	Amount	Unit
NOx	13.67	kilogram
SOx	2.69	kilogram
PM	1.01	kilogram

	GHG Emission	Amount	Unit
Scope 1	Consumption of vehicle fuel	24.10	tCO_2e
Scope 2	Electricity	36.56	tCO_2e
Scope 3	Travelling	47.43	tCO_2e
Total		108.09	tCO_2e
Intensity		0.78	tCO_2e/employee

Use of resources

In respect of use of resources, the Group's operations do not involve consumption of raw materials and packaging materials. Therefore, we focus on the use of resources such as water, electricity and paper — utilising them efficiently not only reduces our GHG emission, but also helps lowering the operating cost. During the year, the Group consumed a total of 45,210.87 kWh of electricity, 9,062.52 liters of vehicle fuel and 90,000 pieces of paper.

Resource Consumption	Amount	Unit
Electricity	45,210.87	kWh
Intensity	325.26	KWh/employee
Vehicle fuel	9,062.52	liter
Intensity	65.20	liter/employee
Paper	90,000	piece
Intensity	647.48	piece/employee

We also formulated the Management System for Water and Electricity Use in Office (辦公室用水用電管理制度), which encourages employees to monitor and conserve their use of water in office, as well as encourages employees to switch off lights in the office when not needed or not in use. The Management System for Water and Electricity Use in Office aims at creating a comfortable work environment while implementing the concept of energy saving and environmental protection in daily operations so as to enhance employees' awareness of environmental protection.

Conservation of electricity

- Turning off air conditioning system 20 minutes before off duty
- Using LED and other energy-saving lighting devices
- Switching the lighting in the hall and corridors to night mode when off duty
- Reminding employees to turn off their personal computer and display when off duty

Conservation of water

- Using water saving devices
- Appropriate control of water flow
- Repairing timely when there is water dripping, spraying and leaking

Reducing use of paper

- Disseminating announcements and notices through the intranet instead of distributing paper ones
- Encouraging printing on both sides of paper and paper recycling

COMMUNITY ENGAGEMENT

Following the principle of "dedication, friendship, mutual assistance and progress", the Group encourages employees to practice these principles in their daily life and work so as to better serve our customers. During the year, we organised a theme event "Fortune Sun Public Welfare Action"(富陽公益行) at Pu Dian Road Station, Line 4 of Shanghai Metro. The voluntary employees helped to maintain the traffic orders, provide assistance for citizens asking directions or physically disabled and promote the concept of "civilized and safe green travel".

APPENDIX – ESG REPORTING GUIDE INDEX

The Group's environmental, social and governance performance has been reported pursuant to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules for the year ended 31 December 2017.

Subject Areas, Aspects, General Disclosures and KPIs		Policies and Procedures	Other Remarks
A – Environmental			
A1 Emissions			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrousoxide, hydrofluorocarbons, erfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	Management System for Water and Electricity Use in Office. No specific policies and procedures in connection with discharging into water and land, and generating hazardous and non-hazardous waste, as the operations of the Group do not have any significant discharge or generation of waste.	We have complied with all relevant laws and regulations. Please also refer to the section headed "Environmental Protection" for details.
KPI A1.1	The types of emissions and respective emissions data.	–	Please refer to the section headed "Environmental Protection" for details
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	Please refer to the section headed "Environmental Protection" for details
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	The operations of the Group have no significant waste emission

Subject Areas, Aspects, General Disclosures and KPIs		Policies and Procedures	Other Remarks
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	The operations of the Group have no significant waste emission
KPI A1.5	Description of measures to mitigate emissions and results achieved.	–	The operations of the Group have no significant emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	–	The operations of the Group have no significant waste emission
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Employee Handbook Management System for Water and Electricity Use in Office	Please refer to the section headed "Environmental Protection" for details
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	–	Please refer to the section headed "Environmental Protection" for details
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	–	The operations of the Group have no significant water consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	–	The operations of the Group have no significant energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	–	The operations of the Group have no significant water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	The operations of the Group have no significant packaging material consumption

Subject Areas, Aspects, General Disclosures and KPIs		Policies and Procedures	Other Remarks
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	No specific policies and procedures in connection with minimizing the Group's impact on the environment and natural resources, as the operations of the Group do not have any significant impact on the environment and natural resources.	The operations of the Group have no significant impact on the environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	–	The operations of the Group have no significant impact on the environment and natural resources
B – Social			
B1 Employment			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Personnel Management Rules and Regulations Remuneration System Employee Handbook	We have complied with all relevant laws and regulations that have a significant impact on the Group. Please refer to the section headed "Staff Management" for details
B2 Health and Safety			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Handbook	We have complied with all relevant laws and regulations that have a significant impact on the Group.

Subject Areas, Aspects, General Disclosures and KPIs		Policies and Procedures	Other Remarks
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	Training System Employee Handbook	Please refer to the section headed "Staff Management" for details
B4 Labour Standards			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	No specific policies and procedures in connection with preventing child and forced labour, as the operations of the Group generally does not involve child and forced labour.	This is not a material issue of the Group as the Group has complied with relevant laws and regulations and did not employ child or forced labour
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Code of Ethics and Code of Conduct for Suppliers Supplier's Undertaking for Quality Supplier Management Process	Please refer to the section headed "Operating Practices" for details
B6 Product Responsibility			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Employee Handbook Employee Confidentiality Agreement No advertising policies, as the related services are provided by the service providers of the Group.	We have complied with all relevant laws and regulations that have a significant impact on the Group. Please refer to the section headed "Operating Practices" for details

Subject Areas, Aspects, General Disclosures and KPIs		Policies and Procedures	Other Remarks
B7 Anti-corruption			
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Employee Handbook Code of Conduct of Suppliers	We have complied with all relevant laws and regulations that have a significant impact on the Group. Please refer to the section headed "Operating Practices" for details
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	No specific policies and procedures on community engagement. Nevertheless, the Group has organized events for its employees in this connection during the year under review.	Please refer to the section headed "Community Engagement" for details

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of the Company's principal subsidiaries are provision of property consultancy and sales agency services for the property markets mainly in the PRC and Southeast Asia. Particulars of the Company's subsidiaries are set out in note 18 to the consolidated financial statements. The nature of the principal activities of the Group has not changed during the year under review.

Environmental policies and performance

In light of the Group's principal activities, the Directors consider that the Group's businesses do not have any direct adverse impact on the environment. Nevertheless, the Group is committed to building an environmentally-friendly corporation that pays close attention to conserving resources for its operation and raise environmental awareness within the Group. During the year, the key environmental impacts from the Group's operations relate to office energy and paper consumption. The Group strives to minimize any possible impacts or harms to the environment by, among others, establishing environmental policies and various procedures to be adopted in its usual and ordinary course of business reducing unnecessary usage of paper, conserving electricity and encouraging recycle of office supplies and other materials. When providing comprehensive property consultancy or pure property planning and consultancy services, the Group would also consider the possible environmental impacts of such plans.

For details of the environmental policies of the Group, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

As at the date of this annual report, the Company has complied with all the relevant laws and regulations that have a significant impact on the operations of the Group.

The important relationship between the group and its employees, customers and suppliers

The Group has maintained a good relationship with its employees, customers and suppliers in providing quality comprehensive property consultancy and sales agency service.

Employees:	The Group places strong emphasis on human resources and strives to provide our employees with fair and competitive remuneration and benefits as well as a variety of training and development opportunities. The Group has also organized activities for our staffs on a regular basis in order to enhance interaction with them and encourage work-life balance.
Customers:	The major customers of the Group include property developers. We are committed to provide quality services to the customers of the Group and to protect data privacy of the customers of the Group to earn their trust.
Suppliers:	The major suppliers of the Group include service vendors that provide services including but not limited to renovation services and advertisement designing services. The Group seeks to maintain impartial and long-term cooperation relationship with the suppliers of the Group and has adopted relevant code of conduct to handle the cooperation relationship with the suppliers to attain mutual trust and respect between the Group and the suppliers.

For details of the relationship between the Group and its employees, customers and suppliers, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

Important events subsequent to the financial year

The Directors are not aware of any important events affecting the Company that have occurred since the end of the financial year.

Business review

During the year, the Company has complied with all the relevant laws and regulations that have a significant impact on the operations of the Group. The Group has maintained a good relationship with its employees, customers and suppliers.

Further discussion and analysis of the business review as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including, among others, a description of the principal risks and uncertainties facing the Group and an indication of the likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" as set out on pages 11 to 14 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the state of affairs of the Company and the Group as at 31 December 2017 are set out in the consolidated financial statements on pages 62 to 116 of this annual report.

On 26 March 2018, the Directors resolved not to recommend any final dividend to the shareholders of the Company (the "Shareholders") for the year ended 31 December 2017 due to the loss for the year of the Group.

CLOSURE OF REGISTER OF MEMBERS

To ascertain Shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 22 June 2018 (the "2018 AGM"), the register of members of the Company will be closed from Saturday, 16 June 2018 to Friday, 22 June 2018 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2018 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, being the Company's branch share registrar and transfer office in Hong Kong, for registration no later than 4:30 p.m. on Friday, 15 June 2018.

INVESTMENT PROPERTIES

Details of investment properties of the Group are set out in note 17 to the consolidated financial statements as well as the section headed "Summary of Major Properties" on page 118 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and of the Group during the year under review are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year under review are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Company and of the Group are set out in note 25(b) to the consolidated financial statements and the consolidated statement of changes in equity on page 65 respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as revised and consolidated from time to time), the share premium is available for distribution to Shareholders subject to the provisions of the articles of association of the Company (the "Articles of Association"), and no distribution may be paid to Shareholders out of the Company's share premium unless the Company shall be able to pay its debt as they fall due in the ordinary course of business. As at 31 December 2017, the Company's reserves available for distribution amounted to approximately RMB22,742,000 (2016: RMB28,757,000).

GROUP FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are summarized in the section headed "Summary of Financial Information" on page 117 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Chiang Chen Feng *(Chairman)*
Ms. Chang Hsiu Hua
Mr. Han Lin

Non-Executive Director

Ms. Lin Chien Ju

Independent Non-Executive Directors

Mr. Cheng Chi Pang
Mr. Cui Shi Wei
Mr. Ng Wai Hung (Resigned on 19 September 2017)
Mr. Lam Chun Choi (Appointed on 19 September 2017)

Mr. Ng Wai Hung resigned on 19 September 2017 as independent non-executive Director of the Company due to his wish to focus or other career commitments. Mr. Ng has confirmed that he was no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

According to Article 108(A) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Ms. Chang Hsiu Hua, Mr. Han Lin and Ms. Lin Chien Ju will retire as Directors and, being eligible, offer themselves for re-election as Directors at the 2018 AGM.

In addition, pursuant to article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. By virtue of article 112 of the Articles of Association, the office of Mr. Lam Chun Choi will end at the 2018 AGM. Mr. Lam Chun Choi, being eligible, will offer himself for re-election as Director at the 2018 AGM.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION

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

DIRECTORS' SERVICE CONTRACTS

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

Non-executive Director and Mr. Cheng Chi Pang and Mr. Cui Shi Wei, the independent non-executive Directors, has been appointed for a term of one year commencing from 10 June 2006; while Mr. Lam Chun Choi, an independent non-executive Director, has been appointed for a term of one year commencing from 19 September 2017, all of which are renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other party.

None of the Directors proposed for re-election at the forthcoming 2018 AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (except for statutory compensation).

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

The emolument payable to Directors is determined by the Board with reference to recommendations given by the remuneration committee of the Company to the Board taking into account the Directors' duties and responsibilities. Details of the Directors' remuneration during the year under review is set out in note 13 to the consolidated financial statements.

The remuneration of the senior management of the Group during the year under review are set out below in bands:

	Number of individuals	
	2017	2016
HK$1,000,001 to HK$2,000,000 (equivalent to approximately RMB865,001 to RMB1,730,000 in 2017 and approximately RMB857,201 to RMB1,714,400 in 2016)	3	–
HK$Nil to HK$1,000,000 (equivalent to approximately RMBNil to RMB865,000 in 2017 and approximately RMBNil to RMB857,200 in 2016)	–	3

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Particulars of a related party transaction is disclosed in note 29 to the consolidated financial statements. Such related party transaction is an exempted continuing connected transaction which has complied with the requirements of Chapter 14A of the Listing Rules.

Save as disclosed above, there was no transaction, arrangement or contract subsisting during or at the end of the year in which any Director or an entity connected with a Director was materially interested and which was significant in relation to the business of the Group.

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

As at 31 December 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate 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 13)

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 13)
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 13)
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 13)
Mr. Cheng Chi Pang ("Mr. Cheng")	The Company	Beneficial owner (Note 11)	305,217 Ordinary Shares (L)	0.12% (Note 13)
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 12)	305,217 Ordinary Shares (L)	0.12% (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. 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.

4. 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.

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.

11. The long position of Mr. 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. 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.

13. These percentages are calculated on the basis of 256,900,780 Shares of the Company in issue as at 31 December 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 31 December 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.

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

As at 31 December 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%
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.

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 31 December 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.

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.

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 year ended 31 December 2017 were as follows:

Category of participant	Number of shares in respect of share options: Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 31 December 2017	Date of grant	Exercise period	Exercise price per Share HK$	Closing price of the Shares on the trading day immediately before the date of grant HK$
Directors:									
Chiang Chen Feng	–	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				
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 (Resigned on 19 September 2017)	52,608	–	–	(52,608)	–	12/03/2008	12/03/2009 to 11/03/2018	1.065	1.12
	52,609	–	–	(52,608)	–	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)	–				
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				
Employees:									
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	–	(305,217)	12,167,390				

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 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.

Subject to the Overriding Limit, the total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme A and Share Option Scheme B and any other share option scheme of the Group) granted under the Share Option Scheme A, Share Option Scheme B and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue (i) at the time dealings in the Shares first commenced on the Stock Exchange or (ii) on the date on which such 10% limit is refreshed or further refreshed pursuant to the rules of the Share Option Scheme (the "General Scheme Limit"). Options previously granted under the Share Option Scheme A and Share Option Scheme B or any other share option scheme of the Group (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". On 17 June 2011, an ordinary resolution was passed by the Shareholders at general meeting for the refreshment of the General Scheme Limit to 20,047,000 Shares, representing 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval.

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

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

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

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

During the year, options were granted on 19 January 2017. The closing price of the Shares on the date immediately before the options were granted were HK$1.13 per Share. The value of the options granted to the respective parties is as follows:

Name of director	Position	Number of Options granted '000	HK$'000
Mr. Chiang Chen Feng	Chairman and Chief Executive	2,400	1,785
Mr. Han Lin	Executive Director	1,500	1,115
Ms. Chang Hsiu Hua	Executive Director	1,800	1,338
Ms. Lin Chien Ju	Non-executive Director	200	149
Mr. Cheng Chi Pang	Independent Non-executive Director	200	149
Mr. Ng Wai Hung (Resigned on 19 September 2017)	Independent Non-executive Director	200	149
Mr. Cui Shi Wei	Independent Non-executive Director	200	149
Other employees		3,500	1,950
		10,000	6,784

The value of the options granted during the year is approximately HK$6,784,000, based on the Black-Scholes valuation model. The significant inputs into the model were share price of HK$1.13 at the grant date, exercise price shown above, standard deviation of expected share price returns of 81.03%, expected life of options of 10 years, expected dividend payout rate of 0% and annual risk-free interest rate of 1.77%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years. The Black-Scholes model is developed to estimate the fair value of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

As at the date of this annual report, the total number of Shares available for allotment and issue pursuant to the exercise of options to be granted under the Share Option Scheme A and Share Option Scheme B is 12,167,390 Shares, representing approximately 4.97% of the issued share capital of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed "Share Option Schemes" above, Share options are granted to directors and employees under the Share Option Scheme B adopted on 17 June 2016. During the year under review, no rights to acquire benefits by means of the acquisition of debentures of the Company were granted to any Directors nor exercised by any of them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

The service agreements entered into by the Company with each of the executive Directors, which are currently in force and were in force during the year ended 31 December 2017, contain permitted indemnity provisions for the benefit of the executive Directors.

Under the Articles of Association, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors throughout the year under review and as at the date of this report, pursuant to which every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

In addition, the Company has also taken out and maintained directors' liability insurance during the year which provides appropriate cover for the Directors and directors of the subsidiaries of the Company.

During the year ended 31 December 2017, no claims were made against the Directors.

MANAGEMENT CONTRACTS

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities during the year under review.

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 year ended 31 December 2017.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's largest customer and five largest customers accounted for approximately 39.10% and 84.55% of the Group's total turnover for the year respectively.

The aggregate purchase attributable to the Group's largest supplier and five largest suppliers accounted for approximately 31.13% and 43.53% of the Group's total purchases of the year respectively.

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

PUBLIC FLOAT

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

AUDITOR

Reference is made to the announcement of the Company dated 10 July 2017. RSM Hong Kong ("RSM") resigned as the auditor of the Company with effect from 7 July 2017, as the Company and RSM could not reach a consensus on the audit fee for the financial year ended 31 December 2017, and BDO Limited was appointed by the Board as the new auditor of the Company to fill the vacancy following the resignation of RSM until the conclusion of the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming 2018 AGM to re-appoint BDO Limited as auditor of the Company for the year ending 31 December 2018.

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by BDO Limited.

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

Mr. Chiang Chen Feng
Chairman

Hong Kong, 26 March 2018

CORPORATE GOVERNANCE

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

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 of 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 year ended 31 December 2017.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and chief executive should be separate and should not be performed by the same individual. For the year 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.

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 who had resigned on 19 September 2017, was absent from the annual general meeting of the Company held on 16 June 2017 due to his other business commitments.

Reference is made to the Circular of the Company dated 12 April 2017, which details of the Order had been inadvertently omitted from. Nevertheless, an announcement in relation to the Order had been published by the Company on 13 January 2016. Please refer to the announcement of the Company dated 13 January 2016 for more information on the Order.

Looking forward, we will continue to conduct reviews on our corporate governance practices from time to time to ensure compliance with the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES

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 year ended 31 December 2017. The interests held or deemed to be held by individual Directors in the Company's securities as at 31 December 2017 are set out on pages 35 to 37 of this report.

BOARD OF DIRECTORS

Board composition

The Group is led by and controlled through the Board, which currently consists of three executive Directors, namely Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin, a non-executive Director, namely Ms. Lin Chien Ju, and three independent non-executive Directors, namely Mr. Cheng Chi Pang, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Chiang Chen Feng is the chairman of the Board. Their biographical details are set out on pages 8 to 10 of this report.

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

All Directors including the non-executive Directors, are subject to retirement by rotation at annual general meetings of the Company at least once every three years pursuant to article 108(A) of the Articles of Association. During the year under review, Mr. Chiang Chen Feng, Mr. Cheng Chi Pang and Mr. Cui Shi Wei retired by rotation and were re-elected as Directors at the annual general meeting of the Company held on 16 June 2017.

Board's responsibilities and delegation

Members of the Board are individually and collectively accountable to the Shareholders for the sustainable development of the Company. The Board oversees the overall management and operations of the Group. Major responsibilities of the Board include approving the Group's overall business, financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, formulating and approving internal control and risk management systems and supervising and scrutinizing the performance of the management. The Directors have to make decisions objectively in the interests of the Company. All Board members have separate and independent access to the senior management, and are provided with timely information about the conduct of the business and development of the Company, including monthly reports and recommendations on significant matters to enable them to discharge their duties.

The executive Directors and senior management are responsible for implementation of the strategies and business direction adopted by the Board from time to time and supervision of the day-to-day operations of the Group. The executive Directors and senior management meet regularly to review the business performance of the Group as a whole and make financial and operational decisions.

Non-executive Directors

The non-executive Directors (including the independent non-executive Directors) have been appointed by the Company for a term of one year commencing from 10 June 2006 or 19 September 2017 renewable automatically for successive terms of one year commencing from the day next after the expiry of the then current term of appointment until terminated by not less than 3 months' notice in writing served by either the Company or the respective Director to the other.

All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules. Notwithstanding that certain of the independent non-executive Directors have served on the Board for more than ten years, in view that they have demonstrated the attributes as independent non-executive Directors during their tenure in office and taking into account their written confirmation of independence as regards Rule 3.13 of the Listing Rules, the Company considers that all the independent non-executive Directors to be independent and believes that their continued service as independent non-executive Directors will be beneficial to the Company and the Shareholders.

BOARD MEETINGS AND ATTENDANCE

It is intended that the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Additional meetings of the Board will be convened as and when required. Pursuant to article 133 of the Articles of Association, the Directors may participate in a Board or Board committee meeting either in person or through electronic means of communications. During the year ended 31 December 2017, the Board convened a total of five Board meetings (exclusive of meetings of Board committees constituted by the Board). The individual attendance record of the Directors at board meetings is tabulated as follows:

Name of Directors	Attendance/ Number of meetings
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	5/5
Ms. Chang Hsiu Hua	5/5
Mr. Han Lin	5/5
Non-executive Director	
Ms. Lin Chien Ju	5/5
Independent non-executive Directors	
Mr. Cheng Chi Pang	5/5
Mr. Ng Wai Hung (Resigned on 19 September 2017)	4/5
Mr. Cui Shi Wei	4/5
Mr. Lam Chun Choi (Appointed on 19 September 2017)	0/5

COMMITTEES OF THE BOARD

The Board has established the Executive Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee (as defined below) for overseeing different aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and may seek independent professional advice in appropriate circumstances, at the Company's expense. The terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee are published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk).

Details of the membership, roles and functions of these Board committees are set out below.

EXECUTIVE COMMITTEE

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

The Executive Committee meets as and when required reviews and approves, inter alia, any matters concerning implementation of strategies, policies and procedures approved by the Board, and the day-to-day operations and management of the Group, and has all the general powers of the Board except those matters specifically reserved for the Board. The Executive Committee did not convene any meeting during the year ended 31 December 2017.

NOMINATION COMMITTEE

The Board has set up a nomination committee (the "Nomination Committee") on 10 June 2006. The written terms of reference of the Nomination Committee have been published on the websites of the Company and the Stock Exchange. The Nomination Committee currently consists of one executive Director, namely, Mr. Chiang Chen Feng and two independent non-executive Directors, namely, Mr. Cheng Chi Pang and Mr. Lam Chun Choi. Mr. Chiang Chen Feng is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board in respect of composition of the Board and its committees and policy and procedures of nomination and determination of new appointment and re-appointment of Directors, to monitor the implementation of the Board diversity policy and to ensure the effectiveness of the policy and to assess the independence of the independent non-executive Directors. Pursuant to the Board diversity policy adopted by the Board, when reviewing the composition of the Board and considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership, cultural and educational background, race, gender, age and professional ethics of potential candidates and also business needs of the Company.

With reference to the business needs of the Group, the following measurable objectives have been set for implementing the Board diversity policy: (a) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors; (b) a prescribed proportion of Board members shall have attained bachelor's degree or above; (c) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications; (d) a prescribed proportion of Board members shall have more than seven years of experience in the industry he is specialized in; and (e) a prescribed proportion of Board members shall have China-related work experience. Based on the review by the Nomination Committee, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the Board diversity policy of the Company for the year under review.

During the year ended 31 December 2017, the Nomination Committee convened one meeting to review the policy and procedures for nomination of directors; to review the process and criteria adopted to select and recommend candidates for directorship; to review the terms of reference; to review the independence of independent non-executive directors, and to review the Board diversity policy. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Members	Attendance/ Number of meeting
Mr. Chiang Chen Feng *(Chairman)*	1/1
Mr. Cheng Chi Pang	1/1
Mr. Ng Wai Hung (Resigned on 19 September 2017)	1/1
Mr. Lam Chun Choi (Appointed on 19 September 2017)	0/1

On 19 September 2017, Mr. Lam Chun Choi has been appointed as an independent non-executive Director by a written resolution passed by the Nomination Committee dated 18 September 2017.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference on 10 June 2006. The written terms of reference have been published on the websites of the Company and the Stock Exchange. The Audit Committee consists of three independent non-executive Directors, namely Mr. Cheng Chi Pang, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Cheng Chi Pang is the chairman of the Audit Committee.

The Audit Committee was set up for the purposes of reviewing and supervising the financial reporting process and internal control procedures of the Group and regulating the financial reporting procedures, internal controls and risk management system of the Group. It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditor; reviewing and monitoring the external auditor's independence and objectivity, as well as reviewing and monitoring the effectiveness of the audit process to make sure that the same is in full compliance with applicable standards.

During the year ended 31 December 2017, the Audit Committee met with the external auditor to review and approve the audit plans and also reviewed the Group's annual results of 2016 and interim results of 2017 and the audit findings with the attendance of the external auditor and executive Directors. The Audit Committee had reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2017. The Audit Committee convened three meetings during the year ended 31 December 2017. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Members	Attendance/ Number of meetings
Mr. Cheng Chi Pang *(Chairman)*	3/3
Mr. Ng Wai Hung (Resigned on 19 September 2017)	3/3
Mr. Cui Shi Wei	3/3
Mr. Lam Chun Choi (Appointed on 19 September 2017)	0/3

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with written terms of reference on 10 June 2006. The written terms of reference have been published on the websites of the Company and the Stock Exchange. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Cheng Chi Pang, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Cui Shi Wei is the chairman of the Remuneration Committee.

The primary duty of the Remuneration Committee is to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to individual executive Directors and senior management.

During the year ended 31 December 2017, the Remuneration Committee had reviewed and approved the payment of bonus to senior management and staff of the Group for the financial year ended 31 December 2017. The Remuneration Committee had also given recommendations to the Board in respect of emolument payable to the Directors, the emolument policy and long-term incentive schemes of the Group. During the year ended 31 December 2017, one meeting of the Remuneration Committee was held. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Members	Attendance/ Number of meeting
Mr. Cui Shi Wei *(Chairman)*	1/1
Mr. Ng Wai Hung (Resigned on 19 September 2017)	1/1
Mr. Cheng Chi Pang	1/1
Mr. Lam Chun Choi (Appointed on 19 September 2017)	0/1

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Board determined the policy for the corporate governance of the Company. The Board has performed the corporate governance duties including: (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and (e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

During the year under review, the Directors are provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time and time, to ensure compliance by the Directors and to enhance the Directors' awareness of good corporate governance practices.

According to the records provided by the Directors, a summary of the trainings received by Directors during the year under review is as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	A
Ms. Chang Hsiu Hua	A
Mr. Han Lin	A
Non-executive Director	
Ms. Lin Chien Ju	A
Independent non-executive Directors	
Mr. Cheng Chi Pang	A, B
Mr. Ng Wai Hung (Resigned on 19 September 2017)	A, B
Mr. Cui Shi Wei	A
Mr. Lam Chun Choi (Appointed on 19 September 2017)	A, B

Notes:

A: attending briefing sessions and/or seminars relating to matters in financial, legal and corporate governance

B: reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements

ACCOUNTABILITY AND AUDITOR'S REMUNERATION

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

For the year ended 31 December 2017, the remuneration payable/paid to BDO Limited, the external auditor of the Company, is set out as follows:

Services rendered	Fees payable/paid
	RMB'000
Audit services	432
Non-audit services	52
Total	484

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness, while the management and other personnel are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance against material misstatement or loss.

During the year under review, to identify, evaluate and manage significant risks, the risk management and internal control systems of the Group included the following main features:

- reviewing the organizational objectives;
- assessing the risk management philosophy to determine the risk tolerance level of the Group; and
- performing an entity-level risk assessment.

The Group adopted the standards set out in the Model Code and received confirmations from all Directors that they have complied with the Model Code throughout the year under review.

In relation to the procedures and internal controls of the Group for the handling and dissemination of inside information during the year under review, employees or Directors possessing such inside information should report the same to the Executive Director, who will in turn report to the Board. The Board will then discuss and handle the relevant disclosures or dissemination of inside information accordingly.

A. Risk management and internal control systems review:

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year under review, the Company adopted a COSO ERM – Integrated Framework (2004) which is issued by the Committee of Sponsoring Organizations ("COSO") of The Treadway Commission to perform the risk assessment (the "Review") on the Group. The Review was designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group could be identified and appropriately managed. In addition, the Group aims to:

(i) promote consistent risk identification, measurement, reporting and mitigation;

(ii) set a common risk language to avoid any conflicting terminology or confusion in risk reporting;

(iii) develop and communicate policies on risk management and controls aligned with the business strategy; and

(iv) enhance reporting to provide transparency of risks across the Group.

During the Review, the Company conducted the following procedures:

– interviewing with department heads and management to identify the risks over the Company business units;

– quantifying the risks by financial data and market searches; and

– prioritizing the identified risks as high, medium and low risk.

The Company will perform the ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

B. Group risk report:

In 2017, the Company conducted an annual Group-wide review based on the Group's ERM Framework to assess the risks relevant to the existing businesses of the Group. The Group Risk Report for 2017 was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

C. Internal audit function

During the year under review, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor reported to the Audit Committee and to the Company's management. Based on the Company's risk assessment results, the IC Advisor recommended a three-year internal audit plan to the management which was endorsed by the Board and the Audit Committee. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit plan during the year under review. The IC Advisor reported the internal audit findings and recommendations to both the Audit Committee and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

D. Management's confirmation on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group had provided a confirmation to the Board that the Group had maintained an effective risk management mechanism and internal control system during the year under review.

COMPANY SECRETARY

Mr. Lee Kwai San has been appointed as company secretary of the Company since 1 November 2015. Mr. Lee has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 64 of the Articles of Association, extraordinary general meetings of the Company may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholder's communication policy (the "Policy") on 28 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by its corporate communication and corporate publications on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.fortune-sun.com).

Shareholders may at any time put enquiries to the Board. Any such questions shall be directed to the company secretary of the Company by the means set out below:

Address:	Room 1115, 11th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
Hotline:	(852) 2893 7866
Fax:	(852) 2893 7177
Email:	info@fortune-sun.com

The company secretary of the Company shall, where appropriate, forward the Shareholders' enquiries and concerns to the Board and/or relevant board committees of the Company for their proper attention.

Putting forward proposals at Shareholders' meeting

(i) To propose a person for election as a Director

Pursuant to article 113 of the Articles of Association, a Shareholder of the Company who wishes to propose a person other than a Director for election as a Director at a general meeting (the "Proposal") should lodge, at least seven clear days before the date of the general meeting, at the head office of the Company, i.e. Units 901, 9th Floor, Orient Building, No. 1500 Century Avenue, Pudong New District, Shanghai 200122, the PRC, (i) a written notice setting out the Proposal; and (ii) a written notice signed by the person to be proposed of his willingness to be elected. The procedures for shareholders to propose a person for election as a director is available on the Company's website (www.fortune-sun.com).

(ii) Other proposals

If a Shareholder wishes to make other proposals at a general meeting, he may lodge a written request, duly signed, at the Company's principal place of business in Hong Kong at Room 1115, 11th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong marked for the attention of the company secretary of the Company.

Change in constitutional documents

During the year under review, there was no change in the Company's memorandum and articles of association.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company endeavours to enhance investor relations and communications by setting up meetings with the investment community where appropriate. The Company also endeavours to respond to requests for information and queries from the investment community through the attendance by the executive Directors and designated senior management. In all cases great care is taken to ensure that no inside information is disclosed inadvertently or selectively. The Board is committed to providing clear and full information of the Company to Shareholders through the Group's interim and annual reports, circulars, announcements, notices, and other corporate communications to Shareholders as and when appropriate.

The Company's annual general meeting provides a good opportunity for communications between the Board and its Shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to Shareholders in the manner prescribed under the Articles of Association and the Listing Rules and such notice is also published on the Stock Exchange's website (www.hkexnews.hk) and the Investor Relations Section of our Company's website (www.fortune-sun.com). The chairman of the meeting and the attending Directors will answer questions on the Company's business and operations at the annual general meeting. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and its independence.

The 2017 AGM was held on 16 June 2017. The individual attendance record of the Directors at the meeting is tabulated as follows:

Name of Directors	Attendance/ Number of meetings
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	1/1
Ms. Chang Hsiu Hua	1/1
Mr. Han Lin	1/1
Non-executive Director	
Ms. Lin Chien Ju	1/1
Independent non-executive Directors	
Mr. Cheng Chi Pang	1/1
Mr. Ng Wai Hung (Resigned on 19 September 2017)	0/1
Mr. Cui Shi Wei	1/1
Mr. Lam Chun Choi (Appointed on 19 September 2017)	0/1

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

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

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

OPINION

We have audited the consolidated financial statements of Fortune Sun (China) Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 62 to 116, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of trade receivables and trade deposits (Refer to notes 20 and 21 to the consolidated financial statements) Trade receivables and trade deposits in total represented 31.3% of the Group's net assets as at 31 December 2017 and were therefore significant to the consolidated financial statements. The impairment assessments of trade receivables and trade deposits require the application of judgement by management in determining their recoverability having regard to the current creditworthiness and past collection history of the Group's customers.	Our procedures in relation to management's impairment assessments included: • Discussing each projects' status at the reporting date with management; • Evaluating the recoverability of amounts due from each of the property developers for those past due projects at the reporting date after considering past collection history, subsequent settlements and any past due bad debt write-offs; and • Considering the status and likely outcome of litigation against customers for overdue amounts.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2017.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Choi Man On
Practising Certificate no. P02410

Hong Kong, 26 March 2018

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	7	**26,367**	23,014
Business tax and other levies		**(230)**	(155)
Cost of services rendered		**(25,866)**	(20,605)
Gross profit		**271**	2,254
Investment income and other gains and losses	8	**(397)**	5,369
Operating and administrative expenses		**(16,518)**	(13,076)
Loss before tax		**(16,644)**	(5,453)
Income tax expense	10	**–**	–
Loss for the year attributable to owners of the Company	11	**(16,644)**	(5,453)
		RMB cents	RMB cents
Loss per share	15		
Basic		**(6.80)**	(2.23)
Diluted		**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Loss for the year		**(16,644)**	(5,453)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(222)**	134
Other comprehensive income for the year, net of tax		**(222)**	134
Total comprehensive income for the year attributable to owners of the Company		**(16,866)**	(5,319)

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	16	**821**	835
Investment properties	17	**3,334**	3,428
Golf club membership		**291**	291
Available-for-sale financial assets	19	**–**	1,500
Deposit for non-current assets		**533**	–
		4,979	6,054
Current assets			
Trade receivables	20	**16,659**	21,174
Trade deposits	21	**500**	600
Prepayments and other deposits		**1,003**	952
Other receivables		**943**	472
Bank deposits	22	**26,950**	–
Bank and cash balances	22	**12,495**	51,442
		58,550	74,640
Current liabilities			
Accruals and other payables		**8,766**	13,093
Net current assets		**49,784**	61,547
NET ASSETS		**54,763**	67,601
Capital and reserves			
Share capital	24	**24,276**	24,276
Reserves		**30,487**	43,325
TOTAL EQUITY		**54,763**	67,601

Approved by the Board of Directors on 26 March 2018 and are signed on its behalf by:

Chang Hsiu Hua
Director

Han Lin
Director

	Share capital	Share premium	Merger reserve	Reserve fund	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	Attributable to owners of the Company							
		(note 26(b)(i))	(note a)	(note b)	(note 26(b)(ii))	(note 26(b)(iii))		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	24,276	67,674	14,554	16,621	2,100	(1,987)	(50,318)	72,920
Expired of share options	–	–	–	–	(664)	–	664	–
Total comprehensive income for the year	–	–	–	–	–	134	(5,453)	(5,319)
Changes in equity for the year	–	–	–	–	(664)	134	(4,789)	(5,319)
At 31 December 2016	24,276	67,674	14,554	16,621	1,436	(1,853)	(55,107)	67,601
At 1 January 2017	24,276	67,674	14,554	16,621	1,436	(1,853)	(55,107)	67,601
Share options lapsed after the vesting period	–	–	–	–	(61)	–	61	–
Equity-settled share-based transactions	–	–	–	–	4,028	–	–	4,028
Total comprehensive income for the year	–	–	–	–	–	(222)	(16,644)	(16,866)
Changes in equity for the year	–	–	–	–	3,967	(222)	(16,583)	(12,838)
At 31 December 2017	24,276	67,674	14,554	16,621	5,403	(2,075)	(71,690)	54,763

Note:

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(16,644)**	(5,453)
Adjustments for:			
Interest income		**(874)**	(641)
Depreciation of property, plant and equipment		**511**	403
Depreciation of investment properties		**94**	94
Dividend income from an equity investment		**(590)**	(2,536)
Equity-settled share-based payments		**4,028**	–
Loss on disposals and written off of property, plant and equipment		**29**	110
(Reversal of allowance)/allowance for trade deposits		**(223)**	247
Allowance/(reversal of allowance) for trade receivables, net		**754**	(898)
Operating loss before working capital changes		**(12,915)**	(8,674)
Decrease/(increase) in trade receivables		**3,761**	(7,505)
Decrease in trade deposits		**323**	3,780
Increase in prepayments and other deposits		**(584)**	(460)
(Increase)/decrease in other receivables		**(471)**	138
(Decrease)/increase in accruals and other payables		**(4,327)**	6,513
Net cash used in operating activities		**(14,213)**	(6,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(526)**	(74)
Proceeds from disposals of property, plant and equipment		**–**	23
Dividend income received		**590**	2,536
Proceeds from winding-up the available-for-sale financial assets		**1,500**	–
Repayment of shareholder's loan from an equity investment		**–**	11,519
Increase in bank deposits		**(26,950)**	–
Interest received		**874**	641
Net cash (used in)/generated from investing activities		**(24,512)**	14,645

	Note	2017 RMB'000	2016 RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(38,725)**	8,437
Effect of foreign exchange rate changes		**(222)**	134
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**51,442**	42,871
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**12,495**	51,442
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	22	**12,495**	51,442

1. GENERAL INFORMATION

Fortune Sun (China) Holdings Limited (the "Company") was incorporated in the Cayman Islands on 28 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The address of its principal place of business in Hong Kong is Room 1115, 11th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong and its head office is located at Unit 901, 9th Floor, Orient Building, No. 1500 Century Avenue, Pudong New District, Shanghai, the PRC. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 July 2006.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

In the opinion of the directors of the Company, Active Star Investment Limited, a company incorporated in the British Virgin Islands ("BVI"), is the ultimate parent and Mr. Chiang Chen Feng and Ms. Chang Hsiu Hua are the ultimate controlling parities of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 January 2017 *(Continued)*

Amendments to HKAS 7 – Disclosure Initiative *(Continued)*

The adoption of the amendments has no impact on these financial statements as there is no liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

4 Effective for annual periods beginning on or after 1 January 2021

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

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

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

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

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

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

HKFRS 9 – Financial Instruments *(Continued)*

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

HKFRS 15 – Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors anticipate that the application of HKFRS 15 in the future will not have a significant impact on the amounts reported but significant disclosures may be required in the Group's consolidated financial statements.

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

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

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

HK(IFRIC)–Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

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

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

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 " Leases " and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As disclosed in note 28(i), the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately RMB4,075,000 as at 31 December 2017 (2016: RMB2,257,000). The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention unless mentioned otherwise in the accounting policies below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

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

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

In the Company's statement of financial position, the investment in subsidiaries are stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars ("HKD"). The directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Foreign currency translation *(Continued)*

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

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

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

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

(iii) Translation on consolidation

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

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

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

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Foreign currency translation *(Continued)*

(iii) Translation on consolidation *(Continued)*

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(c) Property, plant and equipment

Property, plant and equipment, held for supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Investment properties

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

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

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

(e) Operating leases

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

(f) Golf club membership

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

(g) Recognition and derecognition of financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

(h) Financial assets

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

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(ii) Available-for-sale financial assets

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(j) Trade deposits

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

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

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Financial liabilities and equity instruments

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

(i) Trade and other payables

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

(ii) Equity instruments

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

(m) Revenue recognition

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition *(Continued)*

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

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

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

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

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

Dividend income is recognised when the shareholders' rights to receive payment are established.

(n) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(o) Share-based payments

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

(p) Taxation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Taxation *(Continued)*

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

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(q) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Provisions and contingent liabilities

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

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

(t) Events after the reporting period

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

The carrying amount of property, plant and equipment and investment properties as at 31 December 2017 were approximately RMB821,000 and RMB3,334,000 respectively (2016: RMB835,000 and RMB3,428,000).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Impairment loss for bad and doubtful debts

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

As at 31 December 2017, accumulated impairment loss for bad and doubtful debts of trade receivables and trade deposits amounted to approximately RMB1,200,000 and RMB500,000 respectively (2016: RMB446,000 and RMB1,005,000).

(c) Income taxes

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

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has limited exposure to foreign currency risk as most of its business transactions, assets and liabilities, except for certain bank and cash balances denominated in the United Stated Dollars ("USD"), are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2017, if the RMB had weakened or strengthened 6% (2016: 7%) against the USD with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB1,360,000 (2016: RMB1,708,000) lower or higher, arising mainly as a result of the foreign exchange gain on bank and cash balances denominated in USD.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and trade deposits. The average credit period granted to customers for trade receivables is 90 days. The refund of trade deposits is in accordance with the terms of the underlying agency agreement. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts on a regular basis. In addition, the directors review the recoverable amount of each individual trade debt and trade deposit regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk to its trade receivables and trade deposits as the Group's largest customer accounted for 33% (2016: 35%) of the trade receivables and trade deposits at the end of reporting period.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and trade deposits are set out in the notes 20 and 21 to the consolidated financial statements.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is less than one year.

(d) Interest rate risk

The Group's exposure to cash flow interest rate risk arises from its bank balances and bank deposits. The bank balances and bank deposits bear interest at variable rates which vary with the then prevailing market condition.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Categories of financial instruments

	2017 RMB'000	2016 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**58,405**	74,205
Available-for-sale financial assets	**–**	1,500
Financial liabilities:		
Financial liabilities at amortised cost	**8,766**	13,093

(f) Fair values

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

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2017 RMB'000	2016 RMB'000
Comprehensive property consultancy and sales agency service projects	**24,626**	21,391
Pure property planning and consultancy service projects	**1,741**	1,623
	26,367	23,014

8. INVESTMENT INCOME AND OTHER GAINS AND LOSSES

	2017 RMB'000	2016 RMB'000
Interest income on bank deposits	**874**	641
Loss on disposals and written off of property, plant and equipment	**(29)**	(110)
Net exchange (loss)/gain	**(1,491)**	1,651
(Allowance)/reversal of allowance for trade receivables	**(754)**	898
Reversal of allowance/(allowance) for trade deposits	**223**	(247)
Sundry income	**190**	–
Dividend income from available-for-sale financial assets, net	**590**	2,536
	(397)	5,369

9. SEGMENT INFORMATION

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

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

Revenue from major customers

	2017 RMB'000	2016 RMB'000
Customer a	**10,310**	7,262
Customer b	**4,574**	N/A(i)
Customer c	**3,217**	8,414
Customer d	**N/A(i)**	2,881

(i) The corresponding revenue did not contribute over 10% of the Group.

10. INCOME TAX EXPENSE

Income tax expense has been recognised in profit or loss as follows:

	2017 RMB'000	2016 RMB'000
Deferred tax and income tax expense (note 23)	–	–

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for both years. The applicable tax rate is 16.5% (2016: 16.5%).

No provision for Tax on Profit in our subsidiary in Cambodia has made as the subsidiary incurred a loss in the year. The applicable tax rate is 20% in the current 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 the current year as the relevant group entities incurred a loss for both years. The applicable PRC enterprise income tax is 25% (2016: 25%).

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

	2017 RMB'000	2016 RMB'000
Loss before tax	(16,644)	(5,453)
Tax at the domestic income tax rate of 25% (2016: 25%)	(4,161)	(1,363)
Tax effect of income that is not taxable	(388)	(858)
Tax effect of expenses that are not deductible	1,052	937
Tax effect of tax losses not recognised	2,800	2,210
Tax effect of deductible temporary difference not recognised	275	–
Tax losses recognised	–	(926)
Tax effect of different tax rates in other tax jurisdictions	372	–
Income tax expense	–	–

11. LOSS FOR THE YEAR

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

	2017	2016
	RMB'000	RMB'000
Auditor's remuneration	**484**	514
Depreciation of property, plant and equipment	**511**	403
Depreciation of investment properties	**94**	94
Loss on disposals and written off of property, plant and equipment	**29**	110
Net exchange loss/(gain)	**1,491**	(1,651)
Operating lease charges on land and buildings	**4,071**	2,214
Allowance for/(reversal of allowance), net		
– Trade receivables	**754**	(898)
– Trade deposits (*)	**(223)**	247

(*) Due to improvement of some project developers' ability to pay during the year, there was an improvement of the cash collection from some long aged projects. As a result, allowance made in prior years against trade deposits of RMB223,000 (2016: Nil) was reversed.

12. EMPLOYEE BENEFITS EXPENSE

	2017	2016
	RMB'000	RMB'000
Employee benefits expense:		
Salaries, bonuses and allowances	**13,541**	11,253
Retirement benefits scheme contributions	**1,825**	1,498
Equity-settled share-based payments	**4,028**	–
	19,394	12,751

12. EMPLOYEE BENEFITS EXPENSE *(Continued)*

The five highest paid individuals in the Group during the year included three (2016: three) directors whose emoluments are reflected in the analysis presented in note 13. The emoluments of the remaining two (2016: two) individuals are set out below:

	2017 RMB'000	2016 RMB'000
Fees, salaries and allowances	**716**	899
Retirement benefit scheme contributions	**38**	36
Equity-settled share-based payments	**699**	–
	1,453	935

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
HK$1,000,001 to HK$2,000,000 (equivalent to RMB865,001 to RMB1,730,000) (2016: equivalent to RMB857,201 to RMB1,714,400)	**1**	–
HK$Nil to HK$1,000,000 (equivalent to RMBNil to RMB865,000) (2016: equivalent to RMBNil to RMB857,200)	**1**	2

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments:

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees	Salaries and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of executive directors					
Mr. Chiang Chen Feng	–	756	–	1,090	1,846
Ms. Chang Hsiu Hua	–	576	–	818	1,394
Mr. Han Lin	–	321	34	681	1,036
Name of non-executive director					
Ms. Lin Chien Ju	150	–	–	91	241
Name of independent non-executive directors					
Mr. Ng Wai Hung (Resigned on 19/9/2017)	110	–	–	–	110
Mr. Cui Shi Wei	167	–	–	91	258
Mr. Cheng Chi Pang	167	–	–	91	258
Mr. Lam Chun Choi (Appointed on 19/9/2017)	35	–	–	–	35
Total for 2017	629	1,653	34	2,862	5,178
Name of executive directors					
Mr. Chiang Chen Feng	–	648	–	–	648
Ms. Chang Hsiu Hua	–	576	–	–	576
Mr. Han Lin	–	347	78	–	425
Name of non-executive director					
Ms. Lin Chien Ju	150	–	–	–	150
Name of independent non-executive directors					
Mr. Ng Wai Hung	153	–	–	–	153
Mr. Cui Shi Wei	165	–	–	–	165
Mr. Cheng Chi Pang	165	–	–	–	165
Total for 2016	633	1,571	78	–	2,282

13. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments: *(Continued)*

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2016: Nil).

The remuneration of the directors of the Group by band for the years ended 31 December 2017 and 2016 is set out below:

	Number of individuals	
	2017	2016
HK$1,000,001 to HK$2,000,000 (equivalent to RMB865,001 to RMB1,730,000) (2016: equivalent to RMB857,201 to RMB1,714,400)	**3**	–
HK$Nil to HK$1,000,000 (equivalent to RMBNil to RMB865,000) (2016: equivalent to RMBNil to RMB857,200)	**–**	3

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

(b) Directors' material interests in transactions, arrangements or contracts

Apart from the transaction as disclosed in note 29, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. Each subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of the subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB16,644,000 (2016: RMB5,453,000) and the weighted average number of ordinary shares of 244,733,390 (2016: 244,733,390) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2017 and 2016.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in loss per share from continuing operations.

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for both 2017 and 2016.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Computers RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2016	552	1,654	776	2,900	5,882
Additions	–	74	–	–	74
Disposals/write off	(266)	(330)	–	(594)	(1,190)
Exchange differences	5	3	5	–	13
At 31 December 2016 and 1 January 2017	291	1,401	781	2,306	4,779
Additions	155	222	–	149	526
Disposals/write off	–	(298)	–	–	(298)
Exchange differences	(4)	(4)	(6)	–	(14)
At 31 December 2017	442	1,321	775	2,455	4,993
Accumulated depreciation and impairment					
At 1 January 2016	466	1,463	223	2,433	4,585
Charge for the year	12	36	286	69	403
Disposals/write off	(257)	(306)	–	(494)	(1,057)
Exchange differences	5	3	5	–	13
At 31 December 2016 and 1 January 2017	226	1,196	514	2,008	3,944
Charge for the year	95	58	267	91	511
Disposals/write off	–	(269)	–	–	(269)
Exchange differences	(4)	(4)	(6)	–	(14)
At 31 December 2017	317	981	775	2,099	4,172
Carrying amount					
At 31 December 2017	125	340	–	356	821
At 31 December 2016	65	205	267	298	835

17. INVESTMENT PROPERTIES

	Land RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	2,249	1,878	4,127
Accumulated depreciation and impairment			
At 1 January 2016	322	283	605
Charge for the year	51	43	94
At 31 December 2016 and 1 January 2017	373	326	699
Charge for the year	51	43	94
At 31 December 2017	424	369	793
Carrying amount			
At 31 December 2017	1,825	1,509	3,334
At 31 December 2016	1,876	1,552	3,428

(a) The Group's investment properties are located in the PRC and their carrying amounts are analysed as follows:

	2017 RMB'000	2016 RMB'000
Outside Hong Kong:		
Long-term leases	**1,568**	1,613
Medium-term leases	**1,766**	1,815
	3,334	3,428

17. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation processes of the Group

The Group obtained independent valuation from Asset Appraisal Limited, a member of the Hong Kong Institute of Surveyors, for its investment properties at least annually. For all investment properties, their current use equates to the highest and best use. Asset Appraisal Limited is of the opinion that had the Group's investment properties been carried at their fair values, the amount would be approximately RMB10,180,000 (2016: RMB9,770,000).

The Group's finance department is responsible for the fair value measurement of investment properties required for financial reporting purpose. At each financial year-end the finance department assesses property valuation movement when compared to the prior year valuation report and holds discussion with the independent valuer on the valuation methodology.

(c) Valuation techniques

Fair values of investment properties are generally derived using the direct comparison method. This valuation method is based on the prices information of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values. In estimating the building element of the properties, the depreciated replacement cost approach is adopted. This approach requires an estimate of the new replacement costs of the buildings and structures of the properties from which deductions are then made to allow for age, conditions, and functional obsolescence.

(d) Significant inputs used to determine fair value

As at 31 December 2017, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2017
Price per square metre	RMB3,976 to RMB25,000	Increase	RMB10,180,000

Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2016
Price per square metre	RMB3,313 to RMB25,000	Increase	RMB9,770,000

During the two years, there were no changes in the valuation techniques used.

18. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2017 are as follows:

Name	Place of incorporation and date of incorporation	Issued/registered capital	Attributable equity interests 2017	Attributable equity interests 2016	Principal activities
Directly held:					
Millstone	BVI, 29 October 2002	100,000 ordinary shares of US$1 each	100%	100%	Investment holding
Fortune Sun Properties Limited	BVI, 13 October 2016	1 ordinary share of US$1 each	100%	100%	Investment holding
Indirectly held:					
Shanghai Fu Yang Property Consultant Co., Ltd. ("Shanghai Fortune Sun") (note a)	PRC, 11 April 1997	US$7,600,000 registered capital	100%	100%	Property consultancy and agency services providing for the primary property market in the PRC
Cornerstone Investment Management & Consultancy Co., Limited ("Cornerstone") (note b)	PRC, 26 September 2005	US$200,000 registered capital	100%	100%	Provision of property consultancy and agency services and fund management in the PRC
FS352 Fortune-sun Real Estate Co., Ltd ("FS352") (note c)	Cambodia, 12 January 2017	US$100,000 registered capital	100%	N/A	Property consultancy and agency services providing for the property market in the Cambodia

Note:

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

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

(c) FS352 is a wholly-owned foreign enterprise established in the Cambodia.

As at 31 December 2017, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately RMB10,981,000 (2016: RMB22,536,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	RMB'000	RMB'000
Unlisted investment, at cost	**–**	1,500

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

Unlisted investment was denominated in RMB and was carried at cost as they did not have a quoted market price in an active market and whose fair value cannot be reliably measured.

During the year, this company was deregistered and the investment costs was repaid to the Group.

20. TRADE RECEIVABLES

	2017	2016
	RMB'000	RMB'000
Trade receivables	**17,859**	21,620
Less: Allowance for trade receivables	**(1,200)**	(446)
	16,659	21,174

The average credit period granted to trade customers is 90 days. The Group seeks to maintain strict control over 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.

20. TRADE RECEIVABLES *(Continued)*

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

	2017 RMB'000	2016 RMB'000
0 to 90 days	5,644	11,136
91 to 180 days	2,519	1,944
181 to 365 days	3,555	–
1 to 2 years	–	2,700
Over 2 years	4,941	5,394
	16,659	21,174

Reconciliation of allowance for trade receivables:

	2017 RMB'000	2016 RMB'000
At 1 January	446	2,456
Impairment loss recognised	1,100	–
Reversal of allowance for the year	(346)	(898)
Written off of allowance	–	(1,112)
At 31 December	1,200	446

At the end of the reporting period, the Group reviewed receivables for evidence of impairment on both an individual and collective basis. Allowance recognised for 2017 and 2016 on trade receivables which were individually impaired customers which are experiencing financial difficulties and are in default or delinquency of payments.

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

20. TRADE RECEIVABLES *(Continued)*

As of 31 December 2017, trade receivables of approximately RMB11,015,000 (2016: RMB10,038,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2017 **RMB'000**	2016 RMB'000
Up to 3 months	**2,519**	1,944
4 to 9 months	**3,555**	–
10 to 21 months	**–**	2,700
More than 21 months	**4,941**	5,394
	11,015	10,038

Trade receivables that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further impairment allowance is necessary in respect of these balances as there has been no significant change in credit quality and the balances are still considered fully recoverable.

21. TRADE DEPOSITS

	2017 **RMB'000**	2016 RMB'000
Trade deposits	**1,000**	1,605
Less: Allowance for trade deposits	**(500)**	(1,005)
	500	600

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.

21. TRADE DEPOSITS *(Continued)*

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:

	2017 **RMB'000**	2016 RMB'000
Over 3 years	**500**	600

Reconciliation of allowance for trade deposits:

	2017 **RMB'000**	2016 RMB'000
At 1 January	**1,005**	758
(Reversal of allowance)/allowance for the year	**(223)**	247
Written off of allowance	**(282)**	–
At 31 December	**500**	1,005

At the end of the reporting period, the Group reviewed the trade deposits for evidence of impairment on both an individual and collective basis. Allowance recognised for 2017 and 2016 on trade deposits which were individually impaired customers which are experiencing financial difficulties and are in default or delinquency of payments.

As of 31 December 2017, trade deposits of approximately RMB500,000 (2016: RMB600,000) were past due but not impaired. The ageing analysis of these trade deposits is as follows:

	2017 **RMB'000**	2016 RMB'000
Over 1 year or above	**500**	600

Trade deposits that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further allowance is necessary in respect of these balances as there has been no significant change in credit quality and the balances are considered fully recoverable.

22. BANK DEPOSITS AND BANK AND CASH BALANCES

As at 31 December 2017, the Group's bank deposits and bank and cash balances included bank deposits held for terms within six months amounted to RMB22,550,000 (2016: RMB45,192,000) and a bank structural deposit held for a term within six months amounted to RMB4,400,000 (2016: Nil). The bank structural deposit carries at an expected interest rate of 4.2% per annum and is subject to cash flow interest rate risk. The bank deposits carry at a fixed interest rate of 0.85% (2016: 0.60% to 3.20%) per annum and therefore is subject to fair value interest rate risk.

The carrying amounts of the Group's bank deposits and bank and cash balances are denominated in the following currencies:

	2017 **RMB'000**	2016 RMB'000
RMB	**10,981**	22,536
USD	**23,958**	25,833
HKD	**4,506**	3,073
	39,445	51,442

23. DEFERRED TAX

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

	Deferred revenue RMB'000	Tax losses RMB'000	Deferred expenditure RMB'000	Total RMB'000
At 1 January 2016	2,482	(2,206)	(276)	–
Charge/(credit) to profit or loss	1,128	(926)	(202)	–
At 31 December 2016 and 1 January 2017	3,610	(3,132)	(478)	–
(Credit)/charge to profit or loss	(2,629)	2,373	256	–
At 31 December 2017	981	(759)	(222)	–

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

	2017 RMB'000	2016 RMB'000
Deferred tax liabilities	**981**	3,610
Deferred tax assets	**(981)**	(3,610)
	–	–

At the end of the reporting period the Group had unused tax losses of approximately RMB23,897,000 (2016: RMB14,256,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB3,036,000 (2016: RMB12,527,000) of such losses. No deferred tax asset has been recognised in respect of remaining RMB20,861,000 (2016: RMB1,729,000) due to the unpredictability of future profit streams.

23. DEFERRED TAX *(Continued)*

As at 31 December 2017, the Group's tax losses will expire in the following years:

	2017 **RMB'000**	2016 RMB'000
In 2022	**9,720**	–
In 2021	**8,420**	8,420
In 2020	**420**	420
In 2019	**2,373**	2,373
In 2018	**–**	–
In 2017	**–**	3,043
Indefinite	**2,964**	–
	23,897	14,256

Included in the tax losses of approximately RMB20,933,000 (2016: RMB 14,256,000), will expire in between 2018 to 2022 (2016: 2017 to 2021). Other tax losses may be carried forward indefinitely.

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

24. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	'000	HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.1 each			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	244,733	24,473	24,276

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buyback shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes had been made in the objectives, policies and processes during the years ended 31 December 2017 and 2016.

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

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2017, 43.3% (2016: 43.3%) of the shares were in public hands.

25. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**18**	22
Investments in subsidiaries		**103**	103
		121	125
Current assets			
Prepayments and deposits		**137**	119
Amounts due from subsidiaries		**45,764**	51,565
Bank and cash balances		**1,653**	2,211
		47,554	53,895
Current liabilities			
Accruals and other payables		**657**	916
Amount due to a subsidiary		**–**	71
		657	987
Net current assets		**46,897**	52,908
NET ASSETS		**47,018**	53,033
Capital and reserves			
Share capital		**24,276**	24,276
Reserves	25(b)	**22,742**	28,757
TOTAL EQUITY		**47,018**	53,033

Approved by the Board of Directors on 26 March 2018 and are signed on its behalf by:

Chang Hsiu Hua
Director

Han Lin
Director

25. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2016	67,674	2,100	(6,694)	(28,472)	34,608
Currency translation differences	–	–	(2,647)	–	(2,647)
Expired of share options	–	(664)	–	664	–
Loss for the year	–	–	–	(3,204)	(3,204)
At 31 December 2016	67,674	1,436	(9,341)	(31,012)	28,757
At 1 January 2017	67,674	1,436	(9,341)	(31,012)	28,757
Currency translation differences	–	–	(2,972)	–	(2,972)
Share options lapsed after the vesting period	–	(61)	–	61	–
Equity-settled share-based transaction	–	4,028	–	–	4,028
Loss for the year	–	–	–	(7,071)	(7,071)
At 31 December 2017	67,674	5,403	(12,313)	(38,022)	22,742

26. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Share premium

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

(ii) Share-based payment reserve

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

(iii) Foreign currency translation reserve

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

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

A post-IPO share option scheme (the "Share Option Scheme A") was adopted pursuant to the written resolution passed by all shareholders of the Company on 10 June 2006. The purpose of the Share Option Scheme A is to empower the directors of the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme A remains in force for a period of 10 years commencing from 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.

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

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

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

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

On 19 January 2017, options to subscribe for an aggregate of 10,000,000 shares of the Company have been granted by the Company to the existing directors and certain employees of the Group under the Share Option Scheme B. 50% of share options have an exercise period from 19 January 2018 to 18 January 2027 ("Share Option 3") and the remaining share option have an exercised period from 19 January 2019 to 18 January 2027 ("Share Option 4").

27. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise exercise price HK$
Share Option 1	12/3/2008	12/3/2008 to 11/3/2009	12/3/2009 to 11/3/2018	1.065
Share Option 2	12/3/2008	12/3/2008 to 11/3/2010	12/3/2010 to 11/3/2018	1.065
Share Option 3	19/1/2017	19/1/2017 to 18/1/2018	19/1/2018 to 18/1/2027	1.130
Share Option 4	19/1/2017	19/1/2017 to 18/1/2019	19/1/2019 to 18/1/2027	1.130

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

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

	2017		2016	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**2,472,607**	**1.065**	3,261,737	0.990
New options granted (note a)	**10,000,000**	**1.130**	–	–
Forfeited during the year	**(200,000)**	**1.130**	–	–
Lapsed during the year	**(105,217)**	**1.108**	–	–
Expired during the year	**–**	**–**	(789,130)	0.756
Outstanding at the end of the year	**12,167,390**	**1.117**	2,472,607	1.065
Exercisable at the end of the year	**2,472,607**	**1.065**	2,472,607	1.065

27. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the share options outstanding during the year are as follows: *(Continued)*

Notes:

(a) On 17 June 2016, the Company has passed a resolution in a shareholders' meeting for the adoption of the Share Option Scheme B. Details of the Share Option Scheme B are set out in Directors' Report under the heading "Share Option Schemes". On 19 January 2017, 10,000,000 options has been granted by the Company under the Share Option Scheme B since its adoption during the year ended 31 December 2017. There were no options granted during the year ended 31 December 2016.

(b) The closing share price at the date of exercise for share options exercised during the year was HK$1.065 (2016: HK$1.065). The options outstanding at the end of the year have a weighted average remaining contractual life of 4.6 years (2016: average life of 1.2 years) and the adjusted exercise price of HK$1.117 (2016: adjusted exercise price of HK$1.065).

28. COMMITMENTS

(i) Operating lease commitments

At 31 December 2017 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	RMB'000	RMB'000
Within one year	**3,349**	2,191
In the second to fifth years inclusive	**726**	66
	4,075	2,257

The Group leases a number of properties under operating leases. The leases run for an initial period from 1 to 3 years, with an option to renew the lease and renegotiate the terms at the expiry date or dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

28. COMMITMENTS *(Continued)*

(ii) Capital commitment contracted for at the end of the reporting period but not yet incurred is as follows:

	2017 **RMB'000**	2016 RMB'000
Property, plant and equipments	**200**	–

29. RELATED PARTY TRANSACTION

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related party during the year:

	2017 **RMB'000**	2016 RMB'000
Rental expense to a related company owned by a director of the Company	**847**	802

30. CONTINGENT LIABILITIES

At 31 December 2017 the Group did not have any significant contingent liabilities (2016: Nil).

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 26 March 2018.

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

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**26,367**	23,014	18,328	23,814	34,956
Loss for the year attributable to owners of the Company	**(16,644)**	(5,453)	(4,924)	(6,045)	(1,783)

	At 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Total assets	**63,529**	80,694	79,500	64,941	70,797
Total liabilities	**8,766**	13,093	6,580	16,518	16,711
Total equity	**54,763**	67,601	72,920	48,423	54,086

Summary of Major Properties

Investment Properties Held

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