



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: 00352

Interim Report 2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Lin Chien Ju

Independent Non-executive Directors

Mr. Lam Chun Choi
Mr. Cui Shi Wei
Mr. Chow Yiu Ming

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

Mr. Chow Yiu Ming (*Chairman*)
Mr. Cui Shi Wei
Mr. Lam Chun Choi

REMUNERATION COMMITTEE

Mr. Cui Shi Wei (*Chairman*)
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

NOMINATION COMMITTEE

Mr. Chiang Chen Feng (*Chairman*)
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

REGISTERED OFFICE

2nd Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
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

16th Floor
Tower 5
The Gateway, Harbour City
21 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

CORPORATE INFORMATION

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
2nd Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

Mr. Lui Cheuk Wah

COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua
Mr. Lui Cheuk Wah

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Chiu & Partners

PRINCIPAL BANKERS

PRC

China Minsheng Banking Corporation
Limited

HONG KONG

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

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

COMPANY WEBSITE

www.fortune-sun.com

The board (the “Board”) of directors (the “Directors”) of Fortune Sun (China) Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “period under review” or the “period”) together with the comparative figures for 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
	Note	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	4	7,217	6,782
Cost of services rendered		(5,260)	(8,607)
Gross profit/(loss)		1,957	(1,825)
Investment income and other gains and losses		594	579
Operating and administrative expenses		(6,717)	(7,606)
Finance cost		(7)	—
Loss before tax		(4,173)	(8,852)
Income tax expense	5	—	—
Loss for the period	6	(4,173)	(8,852)
Attributable to			
Owners of the Company		(4,173)	(6,120)
Non-controlling interests		—	(2,732)
		(4,173)	(8,852)
Loss per share	8	RMB cents	RMB cents
Basic		(1.7)	(2.5)
Diluted		(1.7)	(2.5)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(4,173)	(8,852)
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	89	71
Other comprehensive income for the period, net of tax	89	71
Total comprehensive expense for the period	(4,084)	(8,781)
Attributable to		
Owners of the Company	(4,084)	(6,049)
Non-controlling interests	—	(2,732)
	(4,084)	(8,781)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,164	1,247
Right-of-use assets		158	555
Investment properties	10	3,099	3,146
Golf club membership		291	291
		4,712	5,239
Current assets			
Trade receivables	11	12,806	11,443
Trade deposits	12	1,300	500
Prepayments and other deposits		723	1,449
Other receivables		1,233	1,109
Bank deposits		11,132	17,911
Bank and cash balances		8,646	10,528
		35,840	42,940
Current liabilities			
Accruals and other payables		6,995	8,080
Lease liabilities		163	475
		7,158	8,555
Net current assets			
		28,682	34,385
Total assets less current liabilities			
		33,394	39,624
Non-current liabilities			
Lease liabilities		—	90
NET ASSETS			
		33,394	39,534
Capital and reserves			
Share capital	13	24,394	24,394
Reserves		9,000	13,084
Equity attributable to owners of the Company		33,394	37,478
Non-controlling interests		—	2,056
TOTAL EQUITY			
		33,394	39,534

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Reserve fund	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019 (Audited)	24,394	69,619	14,554	16,621	4,355	(2,058)	(77,759)	49,726	4,429	54,155
Total comprehensive income/(expense) for the period	—	—	—	—	—	71	(6,120)	(6,049)	(2,732)	(8,781)
Equity-settled share-based payments	—	—	—	—	59	—	—	59	—	59
Injection from Non-controlling interests	—	—	—	—	—	—	—	—	1,898	1,898
Lapsed of share options	—	—	—	—	(127)	—	127	—	—	—
Changes in equity for the period	—	—	—	—	(68)	71	(5,993)	(5,990)	(834)	(6,824)
At 30 June 2019 (Unaudited)	24,394	69,619	14,554	16,621	4,287	(1,987)	(83,752)	43,736	3,595	47,331
At 1 January 2020 (Audited)	24,394	69,619	14,554	16,621	4,287	(1,933)	(90,064)	37,478	2,056	39,534
Total comprehensive income/(expense) for the period	—	—	—	—	—	89	(4,173)	(4,084)	—	(4,084)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	(2,056)	(2,056)
Lapsed of share options	—	—	—	—	(55)	—	55	—	—	—
Changes in equity for the period	—	—	—	—	(55)	89	(4,118)	(4,084)	(2,056)	(6,140)
At 30 June 2020 (Unaudited)	24,394	69,619	14,554	16,621	4,232	(1,844)	(94,182)	33,394	—	33,394

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(8,826)	(15,504)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	7,264	(2,842)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(409)	1,898
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	89	71
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,882)	(16,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,528	25,005
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	8,646	8,628
Bank and cash balances	8,646	8,628

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements should be read in conjunction with the 2019 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2019 except as stated below.

2. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS; and its Interpretations. The adoption of these new and amendments to HKFRSs did not have any significant effect on the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

3. CHANGES IN HKFRSs

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The directors do not expect that the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments listed above will have a material impact on the Group's condensed consolidated financial statements upon application.

Except as disclosed above, the new or amended HKFRSs that became effective from 1 January 2020 did not have any material impact on the Group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing property consultancy and sales agency services for the property markets in the People's Republic of China (the "PRC") and Southeast Asia, which is the reportable segment of the Group. Revenue during the period under review and disaggregation of revenue from contracts with customers are as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets		
PRC	5,462	5,112
Cambodia	109	1,080
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets		
PRC	1,646	590
	7,217	6,782

The following table provides information about trade receivables from contracts with customers:

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	12,806	11,443

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

The accounting policies of the operating segment are same as those described in the Group's consolidated financial statements for the year ended 31 December 2019.

5. INCOME TAX EXPENSE

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

No PRC Enterprise Income Tax has been made in both periods as the relevant group entities incurred a loss for both periods.

No provision for Tax on Profit in the subsidiary of the Company in Cambodia has been made as the subsidiary incurred a loss for both periods.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Auditor's remuneration	160	138
Interest income	(529)	(201)
Depreciation of property, plant and equipment	127	131
Depreciation of right-of-use assets	397	—
Depreciation of investment properties	47	47
Exchange loss, net	376	44
Lease charges on land and buildings previously classified as operating lease under HKAS 17	—	1,315
Gross rental income from investment properties less direct outgoing of RMB Nil (2019: RMB Nil)	40	40
Reversal of allowance for — Trade receivables	—	(600)

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period under review (six months ended 30 June 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB4,173,000 (six months ended 30 June 2019: loss of RMB6,120,000) and the number of ordinary shares of 246,183,390 (six months ended 30 June 2019: 246,183,390) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the period ended 30 June 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of RMB45,000 (six months ended 30 June 2019: RMB Nil) and disposed of property, plant and equipment with carrying amount of RMB Nil (six months ended 30 June 2019: RMB Nil).

10. INVESTMENT PROPERTIES

All investment properties are located in the PRC. During the period under review, the Group had no addition or disposal of investment properties (six months ended 30 June 2019: Nil).

The Board is of the opinion that, had investment properties been carried at their fair values, the amounts would not be less than the stated carrying amounts as at 30 June 2020. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

11. TRADE RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	13,593	12,230
Less: Allowance for trade receivables	(787)	(787)
	12,806	11,443

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

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 90 days	5,348	4,099
91 to 180 days	861	3,482
181 to 365 days	4,068	1,277
1 to 2 years	221	277
Over 2 years	2,308	2,308
	12,806	11,443

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

12. TRADE DEPOSITS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade deposits	1,300	500
Less: Allowance for trade deposits	—	—
	1,300	500

Trade deposits represent the amounts paid for comprehensive property consultancy and sales agency service contracts, which are usually refunded to the Group in stages according to various contract terms when the sales volumes specified in the contracts are met.

Allowance for trade deposits is made after the directors have considered the timing of the collection on a regular basis.

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0-90 days	800	—
Over 3 years	500	500
	1,300	500

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

13. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value	
		HK\$'000	RMB'000
Authorised:			
Ordinary shares of HK\$0.1 each			
At 31 December 2019			
(Audited), 1 January 2020			
(Audited) and 30 June			
2020 (Unaudited)	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
At 31 December 2019			
(Audited) and 1 January			
2020 (Audited) and			
30 June 2020 (Unaudited)	246,183	24,618	24,394

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

14. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Compensation of key management personnel of the Group		
Fees	283	299
Basic salaries and other allowances	310	366
Retirement benefits scheme contributions	31	31
Equity-settled share-based payments	—	51
Total compensation paid to key management personnel	624	747
(ii) Rental payment to a related company owned by a director of the Company		
	471	490

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2020 (Unaudited) (31 December 2019: Nil (Audited)).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the COVID-19 pandemic (the “Pandemic”) has spread globally, and the development of the world economy has been hindered. The Pandemic has caused interruption to the production and financial development, which has brought considerable impact to the real estate industry in the PRC. In the context of the overall setback in the economic situation, prices and trading volume in the housing market have dropped in the short term. In particular, the year-on-year decline in the transaction volume of both first-hand and second-hand properties reached the largest level in recent years.

In terms of policies, the Chinese central government has repeatedly emphasized the need to increase the efforts of counter-cyclical adjustments and maintain reasonable and sufficient liquidity. Local governments have the flexibility to implement policies depending on their economic conditions, and multiple regions have introduced real estate support policies from both ends of supply and demand. The overall regulation and control policies on the demand side are being relaxed, by way of reducing the conditions for permanent residence registration, lowering the threshold to introduce talents, and increasing housing subsidies.

In respect of land, multiple regions have introduced supply-side support policies such as postponed or instalment payment of land transfer fees, relaxation of pre-sale conditions, and postponement of completion time. At the same time, the People’s Bank of China continues to use active monetary policies such as reserve requirement ratio cuts and interest rate cuts to maintain reasonable and sufficient liquidity.

In respect of transactions, real estate companies have integrated various online and offline marketing channels to increase project launches and promotions to alleviate the impact of sales suspension on the return of funds due to the Pandemic.

With the impact and uncertainties brought about to the national and international economies by the outbreak of the Pandemic, together with the impact of other macro factors such as the US-China trade war and tightening of housing policies and restrictions in the PRC, the market conditions in the residential property market in the past few years have become more unfavourable whereby both supply and demand for residential properties have become more restrained. While it is expected that 2020 will be a challenging year for the Group, the policy environment in the real estate industry will be less restrictive in the second half of 2020, and therefore, it is expected that the performance of the Group will gradually improve.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

In terms of overseas business development, the Pandemic outbreak in Cambodia has not been under control, coupled with the fact that many foreigners have not returned to Cambodia to work and local residents have not returned to their home countries to stay away from the Pandemic outbreak, and export orders have dropped significantly, which had a severe impact on the local real estate market in Cambodia during the period under review.

During the period under review, the Group recorded revenue of approximately RMB7.2 million, representing an increase of approximately 6.4% as compared with the corresponding period of last year. Such increase was mainly due to the substantial increase in revenue generated from the pure property planning and consultancy business of the Group in the PRC by approximately 179.0% during the period under review as compared with the preceding year for reasons further explained in the paragraph headed “Pure property planning and consultancy business” below. Revenue from the comprehensive property consultancy and sales agency business segment of the Group decreased during the period under review by approximately 10.0% as compared with the preceding year for reason further explained in the paragraph headed “Comprehensive property consultancy and sales agency business” below.

The Group recorded gross profit of approximately RMB1.96 million for the period under review as compared with the gross loss of approximately RMB1.83 million in the preceding period. Such improvement was mainly attributable to the cost of sales of the Group for the period under review has decreased by approximately 38.9% as compared with the preceding period, as the Group has reduced its headcount for sales staffs, re-negotiated the business terms with the property developers to request they should bear certain costs, and re-negotiated the business terms with the Group’s suppliers to reduce the design and promotion fees. The overall operating and administrative expenses also decreased by approximately 11.7% as a result of the tight cost saving policy and the voluntary reduction by 20% of the salary package of the Directors and senior management of the Group during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Thus, the Group recorded substantial decrease in net loss by approximately 52.9% to approximately RMB4.2 million for the period under review as compared with net loss of approximately RMB8.9 million in the preceding period.

Regarding the Group's operations during the period under review on a geographical sense, most of the Group's recorded revenue was generated from projects in Hubei Province, followed by Jiangsu Province and Shanghai, which represented approximately 49.5%, 14.3% and 7.8% of the Group's total revenue, respectively. On a comparative basis, in the same period of 2019, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Hubei Province and Phnom Penh in Cambodia which represented approximately 43.3%, 32.8% and 17.7% of the Group's total revenue, respectively. Regarding business segments, during the period under review, the revenue generated from the comprehensive property consultancy and sales agency service business segment remained a major source of income for the Group and accounted for approximately 77.2% of the total revenue (for the six months ended 30 June 2019: approximately 91.3%), while the revenue generated from the pure property planning and consultancy business segment accounted for approximately 22.8% of the total revenue (for the six months ended 30 June 2019: approximately 8.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services for the properties markets with the majority of business in the PRC. During the six months ended 30 June 2020, the Group had managed 9 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2019: 8 projects) in the PRC and Cambodia. The total gross floor area of the underlying properties sold by the Group acting as the agent was approximately 42,000 square meters (for the six months ended 30 June 2019: 38,000 square meters) in the PRC and Cambodia.

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects was approximately RMB5,571,000 (for the six months ended 30 June 2019: approximately RMB6,192,000), representing a decrease by approximately 10.0% as compared with the corresponding period in 2019, despite revenue recorded from the PRC market during the period under review increased slightly by 6.8% from approximately RMB5.1 million during the six months ended 30 June 2019 to approximately RMB5.5 million during the six months ended 30 June 2020. The decline in revenue from comprehensive property consultancy and sales agency service projects was mainly due to the significant decrease in revenue recorded in Cambodia from approximately RMB1.1 million during the six months ended 30 June 2019 to approximately RMB0.1 million during the six months ended 30 June 2020. The significant decrease in revenue recorded in Cambodia during the period under review was due to, following the outbreak of the Pandemic, demands for the Group's services in Cambodia has declined substantially as a result of the decrease in housing demands in Cambodia. The market environment in Cambodia is expected to remain unfavorable throughout 2020.

As at 30 June 2020, the Group had 10 comprehensive property consultancy and sales agency service projects on hand (30 June 2019: 10 projects) with a total unsold gross floor area of approximately 601,000 square meters (30 June 2019: approximately 505,000 square meters). As at 30 June 2020, among the 10 projects, sale of the underlying properties of 3 projects had not commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the period under review, the Group has continued to develop its pure property planning and consultancy business in the PRC. For the six months ended 30 June 2020, the Group has significantly improved to provide pure property planning and consultancy services for seven property development projects (the six months ended 30 June 2019: 1 project), which generated an aggregate revenue of approximately RMB1,646,000, representing approximately 22.8% of the unaudited total revenue of the Group (the six months ended 30 June 2019: revenue of approximately RMB590,000 or approximately 8.7%).

The increase in revenue from pure property planning and consultancy business is mainly due to the increase in demands for market consultancy services from the property developers in the PRC. Following the outbreak of the Pandemic, the small and medium property developers are uncertain about the market environments in the property markets and the rise in land prices in the PRC has caused the small and-medium sized property developers to become more cautious in planning their development. The Group provides services including market research and sales and promotion plans to the property developers. The Group expects to continue to provide more pure property planning and consultancy services in the second half of 2020.

PROSPECTS AND OUTLOOKS

Looking forward to the second half of 2020, the internal and external economic pressures and the outbreak of the Pandemic in the PRC at the beginning of 2020 have had certain impact on the real estate market. However, judging from the national data and key monitored cities, real estate investments and transaction volume are picking up rapidly, which shows that the market has a certain degree of resilience, and there is still room for development in the future. The market in the representative cities of the Yangtze River Delta has recovered quickly, and the current year-on-year growth rate of transaction volume is significantly higher than other cities in the PRC. The main business location of the Group is the Yangtze River Delta region, which has a regional layout with flexible combat space. The Group focuses on staff training and is proficient in research and development. Relying on the modern information technology of the Group, the value services of the entire real estate industry chain could be enhanced. In addition, we will integrate industry big data with reference value for real estate decision-making, and use big data analysis and artificial intelligence to optimize the real estate decision-making analysis system. By making use of the big data, the Group effectively integrate its resources for the most efficient use, and provide quality services through teamwork.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOKS *(Continued)*

The Group is one of the listed companies engaged in property agency in China. Under the adverse market environment, the Group seeks to foster its business relationship with the branded real estate enterprises and state-owned enterprises so as to maintain the stability of the Group's operations. "Promoting sales and increasing returns" would remain the Group's top priority. In order to alleviate their own sales pressure, most of the real estate companies are making alliances and strategically cooperate to achieve a win-win goal, and the advantages of the Group are becoming more prominent. As a professional modern real estate marketing planning agency, the Group has an elite sales team with years of practical experience, customer big data accumulation, and professional and characteristic services to maintain the competitiveness of the Group, in order to obtain more new projects and new cooperation models in the market.

Strategically, the Group will continue to focus its business on the providing residential property consultancy and agency services in the second-tier to fourth-tier cities in the PRC. During the period under review, the number of newly signed and negotiated projects of the Group increased significantly, and the commercial terms of the projects are more favourable for the Group. Following the outbreak of the Pandemic, the Group is confident that both the market conditions and the financial stability of the property developers will be benefited from the economy recovery policies of the local governments as mentioned in the paragraph headed "Business Review" above. The Group's property developer customers have become more reliant on the Group in the sales and marketing of their properties, and are willing to release more residential properties to the market for sale and to provide better commission rate to the Group for its property consultancy and sales agency services. To enlarge the Group's geographic coverage so as to maintain its market share in the long-run, in addition to the cities where it has principal operation, the Group will also explore opportunities in other cities in the PRC where it does not already have presence.

Further, as mentioned in the paragraph headed "Pure Property Planning and Consultancy Business" above, the Group's revenue from pure property planning and consultancy business has increased during the period under review because of the increased demand for market research and sales and promotion plans from property developers. The Group currently expects that this trend will enable the Group to secure plenty of pure property planning and consultancy property projects in the next couple of years, thereby providing stable income for the Group for at least the next year. The Group also foresees that it will secure such projects for the provision of comprehensive property consultancy and sales agency services upon their completion, which in turn will secure a further stable source of income for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOKS *(Continued)*

However, as the business environment is full of uncertainties, the Group may need to enhance promotional activities and increase sales costs when implementing individual projects, resulting in a decrease in gross profit. The Group will strive to further strengthen its cost control policy and strictly control cash flow, so as to reduce operating expenses and improve its operating performance in the second half of the year.

To diversify the income source of the Group, the management will continue to pay attention to new opportunities in the real estate industry so as to increase the sustainable and stable revenue growth of the Group, seek long-term development for the Group and its employees, and increase ideal returns for the shareholders of the Company. For example, the Group has been considering and making assessment to tap into the market of property development as property developer. The Group's assessment includes consideration of the market conditions, cashflow, income and budget and risk exposure. It is expected the Group will complete its assessment and draw to a conclusion in the first half of next year. In addition, apart from providing residential property consultancy and agency services to property developers, the Group has also started to provide planning and promotion services to a residential apartment rental operator for 6 residential apartment blocks in Shanghai in June 2020. The Group will grasp market opportunities as they arise and obtain similar projects for residential rental apartments. So far, the Group has also entered into a memorandum of understanding with another property developer in Shanghai in May 2020 for the Group to operate and manage a long-term residential apartment rental project.

As for the Group's future development in Cambodia, the outbreak of the Pandemic has created great uncertainties for the real estate market in the Cambodia, as with the other Southeast Asia countries. The Group's performance in Cambodia during the six months ended 30 June 2020 has been significantly affected by the Pandemic. The Group is therefore still in the course of evaluating its business plan in Cambodia. However, the Group will continue to grasp opportunities to expand its growth in the Southeast Asia market as and if market opportunities arise and will continue to look for opportunities through pitching and bidding for projects.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had unaudited net current assets of approximately RMB28.7 million (31 December 2019: approximately RMB34.4 million), unaudited total assets of approximately RMB40.5 million (31 December 2019: approximately RMB48.2 million) and unaudited shareholders' funds of approximately RMB33.4 million (31 December 2019: approximately RMB39.5 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 5.02 as at 31 December 2019 to 5.01 as at 30 June 2020.

As at 30 June 2020, the unaudited bank deposits and bank and cash balances of the Group amounted to approximately RMB19.8 million (31 December 2019: approximately RMB28.4 million).

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any short or long term borrowing as at 30 June 2020 (31 December 2019: Nil).

The Group had no bank borrowings or overdrafts as at 30 June 2020 (31 December 2019: Nil).

As at 30 June 2020, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 0% (31 December 2019: 0%).

As at 30 June 2020, the Group had no charge on assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Period.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the end of the period under review up to the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

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

MAJOR INVESTMENTS

The Group had no material investments as at 30 June 2020. As at the date of this interim report, the Group has no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2020 (31 December 2019: Nil).

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2020, the Group had a total of 117 staff (31 December 2019: 120 staff).

The emolument policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies, which are reviewed regularly by the management of the Group. The Company has adopted a share option scheme pursuant to the resolutions passed by the shareholders of the Company on 17 June 2016 for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, for their contribution to the Group.

DISCLOSURE OF INTERESTS

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

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Chiang Chen Feng ("Mr. Chiang")	The Company	Interest of controlled corporations (Note 2)	89,659,979 Ordinary Shares (L)	36.42%
		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)	1.66% (Note 12)

DISCLOSURE OF INTERESTS

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

Name of Directors	Company/Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Ms. Lin Chien Ju ("Ms. Lin")	The Company	Interest of a controlled corporation (Note 5)	43,722,460 Ordinary Shares (L)	17.76%
		Beneficial owner (Note 6)	100,000 Ordinary Shares (L)	0.04% (Note 12)
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	2.86%
		Beneficial owner (Note 7)	1,500,000 Ordinary Shares (L)	0.59% (Note 12)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Interest of spouse (Note 8)	89,659,979 Ordinary Shares (L)	36.42%
		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)	1.66% (Note 12)
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 11)	200,000 Ordinary Shares (L)	0.08% (Note 12)

DISCLOSURE OF INTERESTS

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

Notes:

1. The letter "L" denotes the Directors' long position in the shares ("Shares") or underlying Shares of the Company.
2. These Shares were registered in the name of Active Star Investment Limited ("Active Star"), the entire issued capital of which was owned by Mr. Chiang. Mr. Chiang was also the 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 100,000 Shares comprised the 100,000 options granted to her by the Company under the share option scheme on 19 January 2017.
7. The long position of Mr. Han in these 1,500,000 Shares comprised the 1,500,000 options granted to him by the Company under the share option scheme on 19 January 2017.

DISCLOSURE OF INTERESTS

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

Notes: (Continued)

8. 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. Cui in these 200,000 Shares represented 200,000 options granted to him by the Company under the share option scheme on 19 January 2017.
12. These percentages are calculated on the basis of 252,983,390 Shares of the Company in issue as at 30 June 2020, assuming that all the then outstanding options granted under the share option schemes had been exercised as at that date.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2020, 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)	89,659,979 Ordinary Shares (L)	36.42%
Upwell Assets	Beneficial owner (Note 3)	43,722,460 Ordinary Shares (L)	17.76%
Ms. Lin Shu Chi	Interest of a controlled corporation (Note 3)	43,722,460 Ordinary Shares (L)	17.76%
Honorway Nominees Limited ("Honorway Nominees")	Beneficial owner (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Honorway Investments Limited	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Mr. Ho Hau Chong, Norman	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%

DISCLOSURE OF INTERESTS

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

Name of shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Ms. Yvette Therese Ma	Interest of spouse (Note 5)	19,528,103 Ordinary Shares (L)	7.93%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Ms. Sharon Young	Interest of spouse (Note 6)	19,528,103 Ordinary Shares (L)	7.93%

Notes:

- The letter "L" denotes the shareholders' long position in the Shares or underlying Shares of the Company.
- 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.
- 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.
- 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.
- 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.
- Ms. Sharon Young was deemed to be interested in all the Shares in which Mr. Ho Hau Hay, Hamilton, her spouse, was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2020, 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.

OTHER INFORMATION

SHARE OPTION SCHEME

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

Eligible participants of the Share Option Scheme include, among others, the Group’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, shareholders of the Group and the advisers or consultants of the Group.

Details of the movements in the Company’s outstanding share options granted under the Share Option Scheme for the six months ended 30 June 2020 were as follows:

SHARE OPTION SCHEME (Continued)

Category of participant	Number of shares in respect of share options					Date of grant (Note)	Exercise period	Exercise price per Share HK\$	Closing price of the Shares on the trading day immediately before the date of grant HK\$
	Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2020				
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			
	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			
	1,800,000	—	—	—	1,800,000				
Han Lin	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			
	1,500,000	—	—	—	1,500,000				
Lin Chien Ju	100,000	—	—	—	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	100,000	—	—	—	100,000				

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Category of participant	Number of shares in respect of share options					Date of grant (Note)	Exercise period	Exercise price per Share HK\$	Closing price of the Shares on the trading day immediately before the date of grant HK\$
	Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2020				
Cui Shi Wei	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
	200,000	—	—	—	200,000				
Employees: In aggregate	50,000	—	—	—	50,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	850,000	—	—	(100,000)	750,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	900,000	—	—	(100,000)	800,000				
Total	6,900,000	—	—	(100,000)	6,800,000				

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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 of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 73,855,017 Shares as at the date of this interim report) (the "Overriding Limit"). No further options may be granted under the Share Option Scheme if this will result in the Overriding Limit being exceeded.

As at the date of this interim report, options granted under the Share Option Scheme to subscribe for 6,800,000 Shares, representing approximately 2.76% of the issued share capital of the Company, remained outstanding.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2020.

USE OF PROCEEDS FROM THE COMPANY'S RIGHTS ISSUE

In November 2015, the Company raised net proceeds of approximately HK\$33.3 million by way of rights issue (the "Rights Issue"). For details of the Rights Issue, please refer to the Company's announcements dated 1 September 2015 and 16 November 2015, and the Company prospectus dated 26 October 2015.

As at 30 June 2020, approximately HK\$8.6 million, representing approximately 25.8% of the total net proceeds from the Rights Issue, designated for the purchase of furniture and fixtures for the potential development of an apartment rental platform in the PRC remained unutilised.

OTHER INFORMATION

The following table sets out the detailed breakdown and description of the use of the net proceeds of the Rights Issue during the six months ended 30 June 2020:

Intended use of net proceeds as previously disclosed	Amount utilised during the period under review	Amount unutilised as at 30 June 2020 and expected timeline of use
Payment of leasing and property management expenses of the apartments under the potential establishment of an apartment rental platform in the PRC	Approximately HK\$0.9 million for the payment of leasing and property management expenses for apartments	Nil (Note 1)
Purchase of furniture and fixtures for the potential establishment of an apartment rental platform in the PRC	Nil (Note 2)	Approximately HK\$8.6 million, of which: <ul style="list-style-type: none"> — HK\$3.5 million intended to be used for the purchase costs of the furniture and fixtures for two residential properties sub-leasing projects in Ningbo and Jiangsu by the end of 2021; and — \$5.1 million by or around 2025 (Note 3)

Notes:

- As at 30 June 2020, the entire portion intended to be used for the leasing and property management expenses of the apartments had been fully utilised.
- As at 30 June 2020, the entire portion in the amount of approximately HK\$8.6 million intended to be applied to the payment of purchase costs of the furniture and fixtures for the potential establishment of an apartment rental platform had remained unutilised.
- The expected timeline for the utilisation of the remaining balance of the net proceeds from the Rights Issue was arrived at by the Directors based on their best information, knowledge and belief. Such expected timeline is subject to changes in the market conditions, policies and the arising of appropriate opportunities in the market to establish the apartment rental platform in the PRC.

OTHER INFORMATION

As at 30 June 2020, the entire portion designated to be applied to the payment of purchase costs of the furniture and fixtures for the establishment of an apartment rental platform had remained unutilised. The reason for the delay in use of proceeds was principally due to the unstable market conditions since 2016, and that the PRC government has also started to implement restrictions against sub-leasing of residential properties in some cities in the PRC. In light of the unstable market conditions and uncertainty as to whether and how such restrictions will be extended to other cities in the PRC, the Group has since then been cautious in implementing the establishment of such apartment rental platform and has yet to enter into any residential property sub-leasing projects. The Board currently has no intention to change the use of the unutilised net proceeds from the Rights Issue. Instead, the Company is monitoring the market environment and has been waiting for the appropriate timing to implement the plan to establish the apartment rental platform. The Group is making assessment on cities such as Nantong, Jiangsu Province and Ningbo, Zhejiang Province for the provision of residential sub-leasing services to two potential residential properties. It is expected that the unutilised net proceeds from the Rights Issue will be fully utilised by the end of 2025, subject to changes in the market conditions, policies and the arising of appropriate opportunities in the market to establish the apartment rental platform in the PRC. The Board will perform strategic review of the Group's business development plan from time to time. Should the Board consider it necessary to revise the Group's business plan so as to capture other market opportunities to diversity its income stream, with a change in the intended use of any portion of the unutilised net proceeds from the Right Issues as previously disclosed, the Company will issue an announcement setting out the details to inform its shareholders and potential investors promptly.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. Save for the deviation from code provision A.2.1 of the CG Code as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2020.

OTHER INFORMATION

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the six months ended 30 June 2020. The interests held or deemed to be held by individual Directors in the Company's securities as at 30 June 2020 are set out on pages 28 to 31 of this report.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules. The Audit Committee comprises all three existing independent non-executive Directors, namely Mr. Chow Yiu Ming, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Chow Yiu Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 including the accounting, internal control and financial reporting issues.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 were approved by the Board on 31 August 2020.

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

Hong Kong, 31 August 2020