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Fortune Sun (China) Holdings Limited
富陽(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 352)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

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 2009 together with the comparative figures in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	*3*	**12,029**	17,436
Business tax and other levies		**(593)**	(886)
Cost of services		**(17,582)**	(17,450)
Gross loss		**(6,146)**	(900)
Other income		**284**	1,137
Operating and administrative expenses		**(10,330)**	(15,043)
Loss before tax		**(16,192)**	(14,806)
Income tax (expense)/credit	*4*	**(1,525)**	403
Loss for the period	*5*	**(17,717)**	(14,403)
Attributable to:			
Owners of the Company		**(17,717)**	(14,331)
Minority interests		**–**	(72)
		(17,717)	(14,403)
		RMB cents	*RMB cents*
Loss per share	*7*		
Basic		**8.8**	7.2
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Loss for the period	**(17,717)**	(14,403)
Other comprehensive income:		
Exchange difference on translating foreign operations	**(7)**	(12)
Other comprehensive income for the period, net of tax	**(7)**	(12)
Total comprehensive income for the period	**(17,724)**	(14,415)
Attributable to:		
Owners of the Company	**(17,724)**	(14,343)
Minority interests	**–**	(72)
	(17,724)	(14,415)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	**30 June 2009 RMB'000 (Unaudited)**	31 December 2008 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,015**	1,225
Investment properties		**1,888**	1,497
Prepaid land lease payments		**2,614**	1,766
Deposits for investment properties and prepaid land lease payments		**–**	3,123
Golf club membership		**291**	291
Deferred tax assets		**140**	90
		5,948	7,992
Current assets			
Trade receivables	*8*	**28,916**	27,200
Trade deposits	*9*	**41,199**	43,016
Prepayments and other deposits		**4,530**	6,118
Other receivables	*10*	**31,671**	31,866
Tax prepaid		**363**	363
Bank and cash balances		**12,616**	19,289
		119,295	127,852
Current liabilities			
Accrued expenses and other payables	*11*	**30,440**	25,535
Net current assets		**88,855**	102,317
Total assets less current liabilities		**94,803**	110,309
Non-current liabilities			
Deferred tax liabilities		**6,333**	4,758
NET ASSETS		**88,470**	105,551
Capital and reserves			
Share capital		**20,644**	20,644
Reserves		**67,826**	84,907
TOTAL EQUITY		**88,470**	105,551

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 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 financial statements should be read in conjunction with the 2008 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

b. Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be 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. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8.

The segment accounting policies under HKFRS 8 are stated in note 3 to the condensed consolidated interim financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing property consultancy and agency services for the primary property market in the PRC, which is the reportable segment of the Group. Revenue during the period under review represents income from the following services:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Comprehensive property consultancy and sales agency service projects	**11,818**	16,931
Pure property consultancy service projects	**211**	505
	12,029	17,436

The Group has carried on a single business in a single geographical segment, which is the provision of agency services for the sale of properties and property consultancy services in the PRC, and all the assets are substantially located in the PRC. Therefore, no operating segment information has been presented.

The accounting policies of the operating segment are same as those described in the Group's financial statements for the year ended 31 December 2008.

4. INCOME TAX (EXPENSE)/CREDIT

Income tax (expense)/credit represents:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax-PRC enterprise income tax (the "PRC EIT")		
– Over-provision in prior years	**–**	16
Deferred tax assets	**50**	24
Deferred tax liabilities	**(1,575)**	363
Income tax (expense)/credit	**(1,525)**	403

No provision for Hong Kong Profits Tax is required since the Group had no assessable profit in Hong Kong during the period (six months ended 30 June 2008: Nil).

Tax charge on profits assessable elsewhere have 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.

The new PRC Enterprise Income Tax Law (the "EIT Law") passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the Enterprise Income Tax rate for domestic and foreign-invested enterprises at 25%. The new EIT Law was effective from 1 January 2008. In addition, the new EIT Law also provides a five-year grandfathering period starting from its effective date for those enterprises which were established before 16 March 2007.

4. INCOME TAX (EXPENSE)/CREDIT (CONTINUED)

The PRC EIT has been provided at a rate of 20% (2008: 18%) on the estimated assessable profits of PRC incorporated subsidiaries for the period ended 30 June 2009. No PRC EIT is required since the PRC's subsidiaries have no assessable profit during the period (six months ended 30 June 2008: Nil).

5. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Crediting:		
Interest income	**54**	307
Gain on disposals of investment properties and prepaid land lease payments	**230**	830
Charging:		
Amortisation of prepaid land lease payments	**33**	58
Auditor's remuneration	**193**	193
Depreciation of property, plant and equipment	**206**	319
Depreciation of investment properties	**26**	59
Exchange loss, net	**7**	97
Loss on disposals of property, plant and equipment	**4**	38
Staff costs (including Directors' remuneration)		
– Wages and salaries	**4,282**	4,946
– Pension costs (defined contribution plan) and other social benefits	**793**	775
– Share-based payments	**643**	593
Operating lease rentals in respect of buildings	**2,837**	2,737
Write off of other receivables	**893**	–
Allowance for/(reversal of) impairment		
– Trade receivables	**1,249**	825
– Trade deposits	**(105)**	3,697

6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2008: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the period attributable to the owners of the Company of approximately RMB17,717,000 (six months ended 30 June 2008: loss of RMB14,331,000) and the weighted average number of ordinary shares of 200,470,000 (six months ended 30 June 2008: 200,263,758) 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 2009 (six months ended 30 June 2008: Nil).

8. TRADE RECEIVABLES

	30 June 2009 *RMB'000* ***(Unaudited)***	31 December 2008 *RMB'000* *(Audited)*
Trade receivables	**36,323**	34,239
Less: Allowance for impairment	**(7,407)**	(7,039)
	28,916	27,200

The credit period granted to customers is generally ranging from 1 month to 3 months.

The ageing analysis of trade receivables (net of allowance for impairment) is as follows:

	30 June 2009 *RMB'000* ***(Unaudited)***	31 December 2008 *RMB'000* *(Audited)*
Within 90 days	**6,964**	1,346
Between 91 to 180 days	**453**	1,336
Between 181 to 365 days	**1,009**	8,651
Between 1 to 2 years	**11,079**	9,878
Over 2 years	**9,411**	5,989
	28,916	27,200

9. TRADE DEPOSITS

	30 June 2009 *RMB'000* ***(Unaudited)***	31 December 2008 *RMB'000* *(Audited)*
Trade deposits	**50,527**	52,449
Less: Allowance for impairment	**(9,328)**	(9,433)
	41,199	43,016

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.

The ageing analysis of trade deposits (net of allowance for impairment) is as follows:

	30 June 2009 *RMB'000* ***(Unaudited)***	31 December 2008 *RMB'000* *(Audited)*
Within 90 days	**326**	94
Between 91 and 180 days	**–**	489
Between 181 and 365 days	**489**	18,037
Between 1 and 2 years	**19,383**	13,269
Between 2 and 3 years	**16,726**	9,731
Over 3 years	**4,275**	1,396
	41,199	43,016

10. OTHER RECEIVABLES

Included in other receivables is the receivable from the Current Investment Partner (as defined below) of RMB22,778,000 (31 December 2008: RMB21,012,000) (note 12).

11. ACCRUED EXPENSES AND OTHER PAYABLES

Included in accrued expense and other payables are the payables to the Plaintiffs (as defined below) of RMB22,778,000 (31 December 2008: RMB21,012,000) (note 12).

12. LITIGATIONS

On 2 April 2008, Shanghai Fu Yang Property Consultant Co., Ltd. ("Shanghai Fortune Sun"), a wholly-owned subsidiary of the Company, entered into an agreement with Shanghai Ming Xin Investment and Management Company Limited (上海名昕投資管理有限公司), (the "Former Investment Partner") and 上海希格瑪置業有限公司, (the "Former Customer") to act as the principal sale and consultancy agents for the real estate project in Shanghai (the "Subject Project").

Acting as a property agent, Shanghai Fortune Sun signed agreements (the "Purchase Agency Agreements") with two individual customers (the "Plaintiffs") on 2 May 2008 for the purchase of 5 property units from the Subject Project and Shanghai Fortune Sun received the deposit payment of approximately RMB33,616,000 from the Plaintiffs and subsequently transferred the amount received back to the Former Customer through the Former Investment Partner.

The Plaintiffs were unable to complete the purchase of these 5 property units from the Subject Project in accordance with the terms of the Purchase Agency Agreements as the Subject Project had been sold from the Former Customer to 上海寶瑞置業有限公司 (the "Current Customer"). As a consequence, the Plaintiffs required Shanghai Fortune Sun to refund the deposit paid. Total amount of RMB18,000,000 were repaid to the Plaintiffs and the remaining balance of approximately RMB15,616,000 remained outstanding up to 31 December 2008. The Plaintiffs undertook legal actions against Shanghai Fortune Sun and filed two writs against Shanghai Fortune Sun to the Court in Shanghai (the "Litigations"). The total amount claimed by the Plaintiffs amounts to approximately RMB21,012,000 which represents the unpaid outstanding and the related default interest of approximately RMB5,396,000 accrued up to 31 December 2008, together with the costs of the Litigations in respect thereof has been recognised as other payables in the consolidated balance sheet as at 31 December 2008.

On 23 October 2008, Shanghai Fortune Sun entered into an agreement with the Current Customer and 上海可上房產咨詢有限公司 (the "Current Investment Partner") to act as the principal sale and consultancy agents for the Subject Project. The Current Investment Partner has unconditionally agreed to undertake the obligations for the refund of any prepayment made to Shanghai Fortune Sun by its customers in the course of implementation of the agency agreement for the purchases of properties under the Subject Project and assume any liabilities of default compensation and interests arising from any related legal proceedings by these customers (the "Indemnified Liabilities"). The agreement by the Current Investment Partner to pay the Group the Indemnified Liabilities of approximately RMB21,012,000 accrued up to 31 December 2008 has been recognised as other receivables in the consolidated balance sheet as at 31 December 2008.

In late April 2009, Shanghai Fortune Sun has received the verdict in respect of the Litigations made by Shanghai Pudong New District People's Court, pursuant to which Shanghai Fortune Sun was ordered to pay (i) the unpaid deposit; (ii) the aggregate default payment of RMB3,091,000 and default interests in respect of the breaches of the Purchase Agency Agreements by Shanghai Fortune Sun accrued up to the date on which the relevant verdict is in force; and (iii) the costs of the Litigations, to the Plaintiffs.

The Group is of the opinion that the verdict was incorrect and the appeal applications to the Shanghai No.1 Intermediate People's Court was made in May 2009.

However, in July 2009, the applications made by the Group were deemed by the Shanghai No.1 Intermediate People's Court to be withdrawn by the Group for not settling the fees for applications.

A bank account of Shanghai Fortune Sun has been frozen by the court in Shanghai and the bank balance up to 30 June 2009 amounting to RMB807,000 was withheld.

The Group has received the notification of execution from 上海市浦東新區人民法院執行庭 (Shanghai Pudong New District People's Court, Execution Bureau) and noted that the Plaintiffs had already applied to Shanghai Pudong New District People's Court, Execution Bureau for enforcement of the orders against the Group previously made by Shanghai Pudong New District People's Court in April 2009, but the Group is not aware of any other execution actions taken by the Plaintiffs and/or the court against the Group up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

With the introduction of 4-trillion yuan fiscal stimulus package released by the Central Government in November 2008 and the correspondingly loose monetary policy for facilitating commercial activities in China, China's GDP managed to grow by 7.1% in the first half of 2009 (based on data released by the China National Bureau of Statistics) subsequent to the global financial crisis in 2008. The economy in China had apparently bottomed out and this had also benefited China's real estate sector which began a recovery since the start of spring in 2009, with the increase on property prices by an average of 10-15% in the first half of 2009.

Due to the uneven rate of recovery in different geographical areas within the PRC, the Group was still affected by the uncertain purchasing demands in some areas in China for the six months ended 30 June 2009. During the period under review, the Group recorded an unaudited turnover of approximately RMB12.03 million, which represented a drop of approximately 31.01% as compared with the unaudited turnover of approximately RMB17.44 million for the corresponding first half year in 2008. Such decrease was mainly because the property market (other than major cities in China) was volatile and investors were more cautious in property investment during the first half of 2009.

For the six months ended 30 June 2009, the gross loss margin of the Group was approximately 51.09% which was 5.16% higher than as recorded during the corresponding period in 2008. The substantial increase in gross loss margin was mainly because relatively more costs of services of certain projects were incurred in its initial phase prior to the respective commission revenue being recognized. Accordingly, given the gross loss margin in the period, the Group suffered a loss for the reporting period. The unaudited attributable loss to the owners of the Company during the period under review was approximately RMB17.72 million as compared with the loss of approximately RMB14.33 million for the corresponding period in 2008. Such loss was principally due to the drop in the turnover and high gross loss margin as mentioned above.

COMPREHENSIVE PROPERTY CONSULTANCY AND AGENCY BUSINESS

During the period under review, the Group mainly provided comprehensive property consultancy and agency services for the primary residential and commercial property market in the PRC. For the six months ended 30 June 2009, the Group had 20 projects in operation and it generated revenue from 17 projects (six months ended 30 June 2008:17) comprehensive property consultancy and agency projects. For the six months ended 30 June 2009, approximately 0.20 million square metres (six months ended 30 June 2008: 0.26 million square metres) of gross floor areas of the relevant underlying properties under these comprehensive property consultancy and agency projects were sold through the Group.

Total unaudited revenue generated from these comprehensive property consultancy and agency projects of approximately RMB11.82 million contributed almost the entire unaudited turnover of the Group during the period under review, accounting for approximately 98.25% of the total unaudited revenue of the Group.

As at 30 June 2009, the Group had 27 comprehensive property consultancy and agency projects on hand with a total of approximately 3.46 million square metres of unsold gross floor areas. Among these 27 projects, the sales of the underlying properties of 7 projects have not yet commenced as at 30 June 2009.

FUTURE PROSPECTS

Looking forward to the second half of 2009, the management is confident in the Chinese government's continued commitment to stimulate economic growth and maintain stable development of the real estate industry. Our Group will engage in more projects in other different areas in Mainland China outside Zhejiang area. The management will also seek other business partners in the future to expand the property agency business of the Group in the PRC in a cooperative structure in order to broaden our revenue base.

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LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group had unaudited net current assets of approximately RMB88.86 million (31 December 2008: RMB102.32 million), unaudited total assets of approximately RMB125.24 million (31 December 2008: RMB135.84 million) and unaudited shareholders' funds of approximately RMB88.47 million (31 December 2008: RMB105.55 million).

As at 30 June 2009, the unaudited bank and cash balances of the Group amounted to approximately RMB12.62 million (31 December 2008: RMB19.29 million).

GEARING RATIO

As the Group did not have any borrowings as at 30 June 2009, the gearing ratio was zero (31 December 2008: zero).

PLEDGED ASSETS

As at 30 June 2009, the Group did not pledge or charge any properties, plants or equipment to secure any loans and bank facilities of the Group (31 December 2008: Nil).

FOREIGN EXCHANGE EXPOSURE

As the Group's sales are predominantly in Renminbi and the purchases and expenses are mainly in Renminbi, the currency fluctuation risk is considered insignificant. The Group currently does not have a foreign currency hedging policy. However, the management continuously monitors foreign exchange exposure and will consider to hedge significant currency risk exposure should the need arise.

STAFF

As at 30 June 2009, the Group had a total of 209 staff, whose remuneration and benefits were determined based on market rates, the PRC's state policies, respective domestic statutory requirements and individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

None of Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2009, except for code provision A.2.1 of the CG Code regarding the responsibilities between the chairman and chief executive officer ("CEO") which have not been segregated.

The Company does not have a separate chairman and CEO and Mr. Chiang Chen Feng currently performs these two roles. The Board believes that vesting the roles of both chairman and CEO 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 this structure will enable the Company to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as it code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

AUDIT COMMITTEE

Pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all three existing independent non-executive Directors, namely Mr. Ng Wai Hung, Mr. Cui Shi Wei, and Dr. Cheng Chi Pang. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 including the accounting, internal control and financial reporting issues. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.

REVIEW OF ACCOUNTS

At the request of the Directors, the Group's external auditor, RSM Nelson Wheeler, has carried out a review on the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 in accordance with certain procedures of Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 were approved by the Board on 23 September 2009.

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

Hong Kong, 23 September 2009

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