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 2013

The board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with the comparative figures in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 *RMB'000* (Unaudited)	2012 *RMB'000* (Unaudited)
Revenue	3	**15,248**	15,965
Business tax and other levies		**(555)**	(344)
Cost of services rendered		**(12,617)**	(9,184)
Gross profit		**2,076**	6,437
Other income		**429**	4,924
Operating and administrative expenses		**(7,015)**	(6,321)
(Loss)/profit from operations		**(4,510)**	5,040
Finance cost – loan interest		**(477)**	(531)
(Loss)/profit before tax		**(4,987)**	4,509
Income tax expense	4	**–**	(2,322)
(Loss)/profit for the period attributable to owners of the Company	5	**(4,987)**	2,187
(Loss)/earnings per share	7	***RMB cents***	*RMB cents*
Basic		**(2.5)**	1.1
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(4,987)**	2,187
Other comprehensive income:		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(46)**	(78)
Other comprehensive income for the period, net of tax	**(46)**	(78)
Total comprehensive income for the period attributable to owners of the Company	**(5,033)**	2,109

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Note	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,533**	1,983
Investment properties		**3,756**	3,803
Golf club membership		**291**	291
Available-for-sale financial assets		**1,500**	1,500
		7,080	7,577
Current assets			
Trade receivables	*8*	**16,136**	15,536
Trade deposits	*9*	**12,588**	14,909
Prepayments and other deposits		**795**	668
Other receivables	*10*	**19,324**	20,497
Bank and cash balances		**12,366**	13,833
		61,209	65,443
Current liabilities			
Accruals and other payables		**5,196**	4,894
Net current assets		**56,013**	60,549
Total assets less current liabilities		**63,093**	68,126
Non-current liabilities			
Other loan	*11*	**8,000**	8,000
Deferred tax liabilities		**4,247**	4,247
		12,247	12,247
NET ASSETS		**50,846**	55,879
Capital and reserves			
Share capital		**20,644**	20,644
Reserves		**30,202**	35,235
TOTAL EQUITY		**50,846**	55,879

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company							
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Merger reserve** *RMB'000*	**Reserve fund** *RMB'000*	**Share-based payment reserve** *RMB'000*	**Foreign currency translation reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2012 (Audited)	20,644	40,433	14,554	16,621	4,196	(2,425)	(37,320)	56,703
Total comprehensive income for the period	–	–	–	–	–	(78)	2,187	2,109
Share options lapsed after vesting period	–	–	–	–	(460)	–	460	–
Changes in equity for the period	–	–	–	–	(460)	(78)	2,647	2,109
At 30 June 2012 (Unaudited)	20,644	40,433	14,554	16,621	3,736	(2,503)	(34,673)	58,812
At 1 January 2013 (Audited)	20,644	40,433	14,554	16,621	3,736	(2,433)	(37,676)	55,879
Total comprehensive income for the period	–	–	–	–	–	(46)	(4,987)	(5,033)
Changes in equity for the period	–	–	–	–	–	(46)	(4,987)	(5,033)
At 30 June 2013 (Unaudited)	20,644	40,433	14,554	16,621	3,736	(2,479)	(42,663)	50,846

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(1,346)**	(1,692)
NET CASH GENERATED FROM INVESTING ACTIVITIES	**171**	95
NET CASH USED IN FINANCING ACTIVITIES	**(246)**	(280)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(46)**	(78)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,467)**	(1,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13,833**	13,204
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	**12,366**	11,249
Bank and cash balances	**12,366**	11,249

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

These condensed consolidated interim 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 consolidated interim financial statements should be read in conjunction with the 2012 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 2012 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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards, 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 consolidated financial statements and amounts reported for the current period and prior years except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 13 "Fair Value Measurement"

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.

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 sales 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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects	**14,511**	13,789
Pure property planning and consultancy service projects	**737**	2,176
	15,248	15,965

The Group has carried on a single business in a single geographical segment, which is the provision of agency services for the sales 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 consolidated financial statements for the year ended 31 December 2012 except as stated in note 2 to the condensed consolidated interim financial statements.

4. INCOME TAX EXPENSE

Income tax expense represents:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Deferred tax	**–**	(2,322)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong for the period under review (six months ended 30 June 2012: RMB Nil).

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 interim financial statements as the relevant group entities incurred a loss or utilised the tax losses brought forward for the period under review (six months ended 30 June 2012: RMB Nil).

5. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration		
– Current	**177**	203
– Under-provision in prior years	**–**	64
	177	267
Interest income	**(171)**	(95)
Depreciation of property, plant and equipment	**438**	432
Depreciation of investment properties	**47**	47
Exchange loss/(gain), net	**17**	(72)
Loss on disposals of property, plant and equipment	**11**	–
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	**6,339**	6,332
– Retirement benefits scheme contributions	**946**	948
	7,285	7,280
Operating lease charges on land and buildings	**1,399**	1,364
Allowance for/(reversal of allowance)		
– Trade receivables	**848**	(1,660)
– Trade deposits	**24**	(2,197)
– Other receivables	**–**	(893)
	872	(4,750)

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2012: RMB Nil).

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB4,987,000 (six months ended 30 June 2012: profit of RMB2,187,000) and the weighted average number of ordinary shares of 200,470,000 (six months ended 30 June 2012: 200,470,000) in issue during the period.

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary share during the period ended 30 June 2013 (six months ended 30 June 2012: RMB Nil).

8. TRADE RECEIVABLES

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Trade receivables	**20,055**	18,607
Less: Allowance for trade receivables	**(3,919)**	(3,071)
	16,136	15,536

Allowance for trade receivables is made after the directors have considered the timing and probability of the collection.

The average credit period granted to trade customers is 90 days. The ageing analysis of the Group's trade receivables, based on the billing summary, and net of allowance for trade receivables is as follows:

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
0 to 90 days	**5,921**	7,351
91 to 180 days	**5,789**	3,142
181 to 365 days	**2,051**	1,079
1 to 2 years	**1,042**	2,347
Over 2 years	**1,333**	1,617
	16,136	15,536

9. TRADE DEPOSITS

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Trade deposits	**16,981**	19,278
Less: Allowance for trade deposits	**(4,393)**	(4,369)
	12,588	14,909

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.

No credit period is granted to the customers. These trade deposits are refundable when the prescribed terms in the underlying agency contracts are achieved. The ageing analysis of the Group's trade deposits, based on the payment date, and net of allowance for trade deposits is as follows:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**27**	1,251
91 to 180 days	**52**	97
181 to 365 days	**1,226**	–
1 to 2 years	**95**	–
2 to 3 years	**231**	235
Over 3 years	**10,957**	13,326
	12,588	14,909

10. OTHER RECEIVABLES

Included in other receivables is the shareholder's loan to Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. of approximately RMB18,677,000 (31 December 2012: RMB18,677,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

11. OTHER LOAN

The other loan from an unrelated company is denominated in RMB, interest-bearing at a floating interest rate based on twice of the benchmark interest rate for RMB loan of the same period from financial institutions announced by the People's Bank of China, thus exposes the Group to cash flow interest rate risk, and will be repayable on or before December 2014. The other loan is secured by the Group's investment properties.

12. OPERATING LEASE COMMITMENTS

The Group had total future minimum lease payments under non-cancellable operating leases for office buildings as follows:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**2,595**	1,115
In the second to fifth years inclusive	**1,694**	67
	4,289	1,182

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fees	**281**	283
Basic salaries and other allowances	**857**	963
Retirement benefits scheme contributions	**35**	32
Total compensation paid to key management personnel	**1,173**	1,278

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2013 (31 December 2012: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2013, the Chinese government continued to impose austerity measures on the property sector, which included the extension of property taxes, stringent implementation of restriction on property purchases and mortgages, imposition of individual income tax on housing stock transactions and introduction of the "State Council's Five New Measures"（新國五條）in order to achieve the property price control target for the year. However, the effectiveness of "State Council's Five New Measures"（新國五條）on the property market may only be short-term. Consequent to the introduction of the policy, the first half year continued to witness an increase in transaction volume for the urban residential property market, an overall increase in property prices in major cities, and increase in both land transaction volume and prices for the land market. According to the National Bureau of Statistics of China, from January to June 2013, the gross floor area of properties completed in China increased by 6.3% year-on-year, with an increased growth rate of 1.0%. The gross floor area of residential properties completed increased by 2.7% compared with the corresponding period of 2012. The commodity housing salable area in China increased by 28.7% year-on-year, of which the residential properties salable area (in gross floor area) increased by 30.4%. The sales amount of commodity housing in China increased by 43.2% year-on-year, of which the sales amount of residential properties increased by 46.0%. The Real Estate Climate Index in China increased from 95.59 at the end of 2012 to 97.29 at the end of June 2013.

In face of the central government's continuous effort in imposing stringent property austerity measures, the primary property sales agency markets in Mainland China encountered intense competition, which led to a sustained drop in average sales agency commission rates. For the six months ended 30 June 2013, the Group recorded an unaudited revenue of approximately RMB15,248,000, representing a decrease of approximately 4.5% as compared with the unaudited revenue of approximately RMB15,965,000 in the first half year of 2012. Although the Group continued to focus on cost control, in particular on its marketing expenses, in the first half year, average service costs still increased due to market competition. As a result, the gross profit margin of the Group during the period under review decreased by 26.7% to approximately 13.6% (for the six months ended 30 June 2012: approximately 40.3%).

During the period under review, the Group did not have any reversal of impairment losses made in prior years against certain trade receivables, trade deposits and other receivables as a result of several bad debts recovery (for the six months ended 30 June 2012: approximately RMB4,750,000). Hence, the unaudited other income was approximately RMB429,000 (for the six months ended 30 June 2012: approximately RMB4,924,000). For the six months ended 30 June 2013, the unaudited loss attributable to the owners of the Company was approximately RMB4,987,000 (for the six months ended 30 June 2012: profit of approximately RMB2,187,000).

During the period under review, most of the Group's recorded revenue was generated from projects in Hubei Province, followed by Jiangsu Province and Jiangxi Province, which represented approximately 62.7%, 14.2% and 12.0% of the Group's total revenue respectively. On a comparative basis, in the first half year of 2012, the Group's recorded revenue was mainly generated from projects in Shanghai, followed by Jiangsu Province and Hubei Province, which represented approximately 51.2%, 23.4% and 17.4% of total revenue, respectively.

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency service to the primary residential and commercial property markets in China. During the six months ended 30 June 2013, the Group managed 15 operating projects (for the six months ended 30 June 2012: 20 projects) in total, 12 of which were comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2012: 16 projects). The total gross floor area of the underlying properties sold by the Group acting as the agent for the comprehensive property consultancy and sales agency service projects were approximately 145,000 square metres (for the six months ended 30 June 2012: 149,000 square metres).

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects were approximately RMB14,511,000 (for the six months ended 30 June 2012: approximately RMB13,789,000), representing approximately 95.2% of the unaudited total revenue of the Group during the period under review (for the six months ended 30 June 2012: 86.4%).

As at 30 June 2013, the Group had 27 comprehensive property consultancy and sales agency service projects on hand (30 June 2012: 25 projects) with total unsold gross floor area of approximately 2,505,000 square metres (30 June 2012: approximately 3,809,000 square metres). As at 30 June 2013, among the 27 projects, sales of the underlying properties of 12 projects had not commenced.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

From January to June of 2013, the area of new housing construction in China increased slightly by about 3.8%, with an increased growth rate of 2.8%, of which the area of new residential housing construction increased by 2.9%. However, the area of land purchased by real estate development enterprises decreased by 10.4% year-on-year. During the period under review, the Group also strived for the sustainable development of its pure property planning and consultancy business. For the six months ended 30 June 2013, the Group provided property planning and consultancy business services for three (for the six months ended 30 June 2012: four) revenue generating property development projects, and recorded an aggregate revenue of approximately RMB737,000 (for the six months ended 30 June 2012: approximately RMB2,176,000) in pure planning and consultancy, representing approximately 4.8% of the unaudited total revenue of the Group (for the six months ended 30 June 2012: approximately 13.6%).

PROSPECTS AND OUTLOOK

After hiking for nearly three months, the property transaction volume and price trend in China had started to slow down since May 2013. Looking forward into the second half of 2013, the property market trend may continue to be affected primarily by the macroeconomic environment, austerity policies by the central government and the layout of the property market itself.

Since the second quarter of 2013, the decrease in money supply and the outflow of capital had led to tightened liquidity situation in Mainland China. In light of the macroeconomic downturn, the standing committee of the State Council had clearly stated their intention in implementing a healthy monetary policy and maintaining reasonable total money supply. The market speculates that the future financial market in the PRC will continue to face a tight liquidity situation, with the total fund flow dropping moderately. With regards to austerity measures imposed by the central government, the market expects the central government to further expand the regional coverage of property tax piloting programs. The control towards many major cities, in particular first-tier cities, will be further tightened and such stringent control may intensify the prudent market sentiment in the first-tier city markets. According to the property market housing stock statistics as of the end of June, high housing stock level was only evident in the third and fourth-tier cities with commodity housing stock level in most of cities decreasing year-on-year. The Group is of the view that the aforementioned factors may obstruct the growth in sales volume of Mainland China's property market in the second half of 2013.

In addition, transaction statistics in the property market revealed the transaction area of commodity residential housing in first-tier cities in the first half year to increase by 29% year-on-year, and the transaction area in typical second-tier cities to increase by 56%, which in turn suggested that differentiated housing and rigid property demand had remained the main drivers for China's property market. The Group expects supply shortage in residential properties in future will drive the rigid demand in the middle and low-end market, with relatively better market performance in the third and fourth-tier cities. Therefore, the Group will maintain its existing strategies of focusing primarily on the development in the third and fourth-tier cities and will position the ordinary commodity housing as its main marketing products. It is expected that in the second half year of 2013, the Group will maintain a prudent and stable development. While continuing to closely monitor the state policy direction and changing industry trend, the Group will continue to expand on the development, consultancy and sales agency business of primary residential and commercial properties, and strive to improve the future profitability of the Group through cost control and other measures.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group had unaudited net current assets of approximately RMB56.013 million (31 December 2012: approximately RMB60.549 million), unaudited total assets of approximately RMB68.289 million (31 December 2012: approximately RMB73.020 million) and unaudited shareholders' funds of approximately RMB50.846 million (31 December 2012: approximately RMB55.879 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 13.37 as at 31 December 2012 to 11.78 as at 30 June 2013.

As at 30 June 2013, the unaudited bank and cash balances of the Group amounted to approximately RMB12.366 million (31 December 2012: approximately RMB13.833 million).

INDEBTEDNESS AND CHARGE ON ASSETS

The Group had a long term borrowing of RMB8.000 million as at 30 June 2013 (31 December 2012: RMB8.000 million) which is interest-bearing at floating rates and will mature in December 2014 and is secured by the investment properties of the Group with carrying amount of approximately RMB3.756 million as at 30 June 2013 (31 December 2012: approximately RMB3.803 million).

The Group had no bank borrowings or overdrafts as at 30 June 2013 (31 December 2012: RMB Nil).

As at 30 June 2013, the Group's gearing ratio (calculated on the basis of total borrowings over total equity) had slightly increased from 14.32% as at 31 December 2012 to 15.73% as at 30 June 2013, which was mainly due to the decrease in total equity resulted from the loss generated from operating activities during the period under review.

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The long term borrowing of the Group of RMB8.000 million as at 30 June 2013 is interest-bearing at floating rates based on the benchmark interest rate for RMB loans of the same period as announced by the People's Bank of China. During the six months ended 30 June 2013, the People's Bank of China maintained the benchmark interest rate for three-year RMB loans at 6.15% per annum. The Group's exposure to interest rate risks mainly stemmed from fluctuations of the borrowing rates for the Group's borrowing. The Group currently does not have an interest rate hedging policy. However, the management continuously monitors the interest rate risks posed to the Group and will consider hedging significant interest rate risks should the need arise.

MAJOR INVESTMENTS

For the six months ended 30 June 2013, save for the Group's continuing investment in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd. and the investment properties held by the Group, no other significant investment was held by the Group. As at the date of this announcement, save for the above investments, 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 2013 (31 December 2012: RMB Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2013 (31 December 2012: RMB Nil).

STAFF AND EMOLUMENT POLICY

As at 30 June 2013, the Group had a total of 208 staff (31 December 2012: 213 staff).

The emolument policies of the Group are formulated based on the Group's operating results, individual performance, working experience and responsibility, merit, qualifications and competence of individual employees, comparable market statistics and state policies and are reviewed regularly.

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 2013.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") . Save for the deviation from code provision A.2.1 of the CG Code, the Directors are not aware of any information which would reasonably indicate that the Company was not in compliance with the code provisions set out in the CG Code during the six months ended 30 June 2013.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be segregated and should not be performed by the same individual. For the period under review, the Company did not have a separate chairman and chief executive, with Mr. Chiang Chen Feng performing these two roles. The Board believes that vesting both the roles of chairman and chief executive in the same person has the benefit of ensuring consistent leadership within the Group, and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this 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 as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors, and all Directors have confirmed that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the six months ended 30 June 2013.

REVIEW OF ACCOUNTS

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

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 including the accounting, internal control and financial reporting issues. In carrying out this review, the Audit Committee has relied on a review conducted by the Company's external auditor in accordance with certain 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 Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.

At the request of the Directors, the Company's external auditor, RSM Nelson Wheeler, has carried out a review on the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 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 2013 were approved by the Board on 26 August 2013.

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

Hong Kong, 26 August 2013

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.