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 2016

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 2016 together with the comparative figures for 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
	Note	**2016** ***RMB'000*** **(Unaudited)**	2015 *RMB'000* (Unaudited)
Revenue	*3*	**7,220**	9,320
Business tax and other levies		**(86)**	(167)
Cost of services rendered		**(8,221)**	(7,810)
Gross (loss)/profit		**(1,087)**	1,343
Other income		**2,917**	887
Operating and administrative expenses		**(6,089)**	(6,041)
Loss from operations		**(4,259)**	(3,811)
Finance cost – loan interest		**–**	(347)
Loss before tax		**(4,259)**	(4,158)
Income tax expense	*4*	**–**	–
Loss for the period attributable to owners of the Company	*5*	**(4,259)**	(4,158)
Loss per share	*7*	***RMB cents***	*RMB cents*
Basic		**(1.7)**	(2.1)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(4,259)**	(4,158)
Other comprehensive income:		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**24**	(20)
Other comprehensive income for the period, net of tax	**24**	(20)
Total comprehensive income for the period attributable to owners of the Company	**(4,235)**	(4,178)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	**30 June 2016** *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,085**	1,297
Investment properties		**3,474**	3,522
Golf club membership		**291**	291
Available-for-sale financial assets		**1,500**	1,500
		6,350	6,610
Current assets			
Trade receivables	*8*	**11,808**	12,771
Trade deposits	*9*	**1,155**	4,627
Prepayments and other deposits		**555**	492
Other receivables		**634**	12,129
Bank and cash balances		**54,161**	42,871
		68,313	72,890
Current liabilities			
Accruals and other payables		**5,978**	6,580
		5,978	6,580
Net current assets		**62,335**	66,310
Total assets less current liabilities		**68,685**	72,920
NET ASSETS		**68,685**	72,920
Capital and reserves			
Share capital		**24,276**	24,276
Reserves		**44,409**	48,644
TOTAL EQUITY		**68,685**	72,920

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 2015 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 2015 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 2016. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS; and its Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated interim financial statements.

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 People Republic of China ("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	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects	**6,352**	8,169
Pure property planning and consultancy service projects	**868**	1,151
	7,220	9,320

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. 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 2015.

4. INCOME TAX EXPENSE

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

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

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.

5. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**168**	158
Interest income	**(173)**	(230)
Depreciation of property, plant and equipment	**205**	169
Depreciation of investment properties	**48**	48
Exchange loss/(gain), net	**5**	(11)
Loss on disposals of property, plant and equipment	**23**	10
Operating lease charges on land and buildings	**826**	1,468
Impairment loss of/(reversal of allowance for)		
– Trade receivables	**72**	(111)
– Trade deposits *(*)*	**(208)**	(546)

(*) Due to improvement of some project developers' ability to pay during the period under review, there was an improvement of the cash collection from some long aged projects. As a result, allowances made in prior years against trade deposits of approximately RMB208,000 was reversed.

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the period under review (six months ended 30 June 2015: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB4,259,000 (six months ended 30 June 2015: loss of RMB4,158,000) and the weighted average number of ordinary shares of 244,733,390 (six months ended 30 June 2015: 201,768,398) 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 2016 and 2015.

8. TRADE RECEIVABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade receivables	**14,336**	15,227
Less: Allowance for trade receivables	**(2,528)**	(2,456)
	11,808	12,771

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

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
0 to 90 days	**3,582**	4,092
91 to 180 days	**1,154**	1,404
181 to 365 days	**2,297**	1,699
1 to 2 years	**1,933**	2,734
Over 2 years	**2,842**	2,842
	11,808	12,771

9. TRADE DEPOSITS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade deposits	**1,705**	5,385
Less: Allowance for trade deposits	**(550)**	(758)
	1,155	4,627

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 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Over 1 year and up to 2 years	**7**	40
Over 2 years and up to 3 years	**80**	155
Over 3 years	**1,068**	4,432
	1,155	4,627

10. COMMITMENTS

(i) Operating lease commitments

As at 30 June 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**1,382**	1,330
In the second to fifth years inclusive	**439**	1,044
	1,821	2,374

(ii) Other commitment

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Contracted but not provided for		
Legal and professional fee	**500**	500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2016, the overall operating environment of the property sector was slightly better than that as in the last year, primarily due to the gradual relaxation of restrictions and the implementation of destocking policy across the PRC since last year. The differentiation between cities has become a norm. In relation to the first and second-tier cities within the country, such cities attracted massive population purchasing properties by virtue of their complete industry chains, strong ability to attract population and well-equipped public ancillary facilities, which led to the surge of land and property prices and supply shortage. With respect to the third-tier cities within the country that are peripheral to the first and second-tier cities, such cities are able to attract the overflow customer base from the first and second-tier cities and are well-positioned, therefore have also shown good performance on destocking. As a result, most first to third-tier cities recorded satisfactory transaction volumes in the first half of year 2016. However, in relation to certain third and fourth-tier cities that are situated in less competitive areas within the country, their incomplete or low-end industry chains and inability to attract population had led to high inventory levels during the first half of the year 2016, and are still facing the issue of properties with high prices and no buyers.

During the first half of year 2016, with the stabilization of policy relaxation, the concentrated release of the nationwide demand for properties has driven the overall market to operate at high level. Currently, transaction volumes in the first-tier cities slow down; while transaction volumes in some popular second-tier cities are at high levels, leading to rise in property and land prices. The property sales agency business of the Group has still been significantly affected as the competition in the primary property agency market remained intense. As a result, revenue from comprehensive property consultancy and sales agency service of the Group had decreased by approximately 22.2%. Revenue from the pure property planning and consultancy business had decreased by 24.6%. The unaudited revenue of the Group for the period amounted to approximately RMB7,220,000, a decrease of approximately 22.5% from approximately RMB9,320,000 for the corresponding period of last year. In addition, with the proactive cost control measures undertaken by the Group, the overall service costs had only increased by approximately 5.3% during the period under review, mainly due to major cost of services such as marketing expenses had not declined proportionately. As such, the Group had recorded a gross loss of approximately RMB1,087,000 for the period as compared to the gross profit of approximately RMB1,343,000 for the corresponding period of last year. The overall operating and administrative expenses remained at a similar level as that of last year. Moreover, dividend income amounted to approximately RMB2,536,000. Thus, the loss for the period attributable to owners of the Company increased to RMB4,259,000 from the loss of RMB4,158,000 for the corresponding period of last year.

During the period under review, most of the Group's recorded revenue was generated from the Group's projects in the Jiangsu Province, followed by Shanghai and Hubei Province, which represented approximately 77.2%, 11.9% and 9.3% of the Group's total revenue, respectively. On a comparative basis, in the first half of 2015, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Hubei Province and Shanghai, which represented approximately 32.8%, 32.6% and 22.5% of the Group's total revenue, respectively.

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services in the primary residential and commercial property markets in the PRC. During the six months ended 30 June 2016, the Group managed 6 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2015: 10 projects). The total gross floor area of the underlying properties sold by the Group acting as the agent was approximately 39,649 square meters (for the six months ended 30 June 2015: 50,657 square meters).

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects was approximately RMB6,352,000 (for the six months ended 30 June 2015: approximately RMB8,169,000), representing approximately 88.0% of the unaudited total revenue of the Group for the period under review (for the six months ended 30 June 2015: 87.7%).

As at 30 June 2016, the Group had 14 comprehensive property consultancy and sales agency service projects on hand (30 June 2015: 14 projects) with a total unsold gross floor area of approximately 293,936 square meters (30 June 2015: approximately 1,484,380 square meters). As at 30 June 2016, among the 14 projects, sale of the underlying properties of 1 project had not commenced.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the period under review, the Group has continued to develop its pure property planning and consultancy business. For the six months ended 30 June 2016, the Group has provided pure property planning and consultancy services for 4 property development projects (the six months ended 30 June 2015: 7 projects), which generated an aggregate revenue of approximately RMB868,000, representing approximately 12.0% of the unaudited total revenue of the Group (the six months ended 30 June 2015: revenue of approximately RMB1,151,000 or approximately 12.3%).

PROSPECTS AND OUTLOOK

Despite attempts of the central government to reduce the role of real estate in the Chinese economy, it is evident that none of other current industries can inject such strong momentum into the national economy in the same manner as real estate. Therefore, it is expected that real estate will remain as one of the pillar industries of the national economy in the foreseeable future. Looking forward to the second half of the year, it is expected that the real estate policies will continue to vary depending on different cities, and annual sales volume and price will also grow steadily. Risks in popular cities accumulate which results in increasing adjustment pressure in housing market. In light of the high inventory level, reducing the number of unsold homes remains as the main task in the second half of the year.

As shifting the focus back to the first-tier cities has become a market consensus, land prices in first-tier cities have surged, with most of the lands being acquired by central government-owned enterprises, state-owned enterprises and listed companies which possess strong financing resources. As such, a considerable number of developers have also turned their focus to second-tier cities, as a result of which, land prices in certain second-tier cities have also begun to rise. Rising land prices have driven property prices to grow. It is expected that the Group will maintain a strong focus in Shanghai in the second half of 2016, meanwhile adding pipeline business to expand its profit source. Our secondary focus of development and operation will still be Jiangsu Province, where there are cities in excellent locations with rapid economic development, impressive innovation and capability to attract buyers from such first and second-tier cities as Shanghai and Nanjing and has a relatively stable property market. One of the regions considered by the Group for expansion in 2016 will be Anhui Province, whose property prices in various cities are not high in absolute value with steady growth in both volume and price. In other words, there is less concern about the emergence of property bubble and in general it is of better risk resilience. At the same time, the inventory level of commercial housing is relatively low, which means there will be huge demand in the future. As for Hubei Province, the growth in property price is fast in recent years and there is large supply of housing, resulting in highly competitive environment and an expected harsh operating environment in the property agency business. In relation to Zhejiang Province, owing to the rapid development of its economy with complete industry chain and better economic conditions of the residents, the property market is rising steadily and the operating environment in the property agency business would be relatively stable, it therefore will be one of our major operating regions.

In addition to the existing businesses, the Group is also actively exploring the possibility of launching an apartment rental platform during the second half of the year to broaden its long term and stable cash inflow streams. Furthermore, the Group also endeavors to develop overseas primary property market business. According to the relevant statistics, the aggregate amount of property investments in global markets by Chinese investors in 2015 increased significantly as compared to the year of 2014. Overseas properties have drawn more and more attention of investors in the PRC. So far, the popular regions for property investments are centralized in Europe, America and Southeast Asia, while a growing attention in particularly to the Southeast Asia region. As existing Chinese investors are not familiar with acquiring overseas properties in Southeast Asia, it is expected that a relatively higher cost will be placed on educating the Chinese investors of Southeast Asia property investments in the future. Nevertheless, the management believes that, with a huge investor base from China, properties markets in Southeast Asia still have opportunities to attract certain overseas investors and purchasers from China.

During the second half of the year, the management will continue to monitor any opportunity of development in the property market to enhance a long term and stable growth of income of the Group. The Group will also continue to encourage employees to actively identify potential new projects and prospective property developers as well as appropriate investment opportunities. In addition, the Group will also strive to cut operating expenses by strengthening budget management and cost control, and to strictly control its cash flow. The Group will pursue to improve the operating performance of the Group in the second half of the year and to drive long-term development for the benefit of the Group and its employees, in order to create satisfactory returns for the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had unaudited net current assets of approximately RMB62.3 million (31 December 2015: approximately RMB66.3 million), unaudited total assets of approximately RMB74.7 million (31 December 2015: approximately RMB79.5 million) and unaudited shareholders' funds of approximately RMB68.7 million (31 December 2015: approximately RMB72.9 million). The current ratio (calculated by dividing total current assets with total current liabilities) increased from 11.08 as at 31 December 2015 to 11.43 as at 30 June 2016.

As at 30 June 2016, the unaudited bank and cash balances of the Group amounted to approximately RMB54.2 million (31 December 2015: approximately RMB42.9 million).

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any short or long term borrowing as at 30 June 2016 (31 December 2015: Nil).

The Group had no bank borrowings or overdrafts as at 30 June 2016 (31 December 2015: Nil).

As at 30 June 2016, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 0% (31 December 2015: 0%).

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The Group does not carry any borrowings which are exposed to interest rate risk.

MAJOR INVESTMENTS

For the six months ended 30 June 2016, save for the Group's 3% equity interest in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd.（上海恒大集團（江蘇）投資有限公司）("Shanghai Hengda") 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 continuing investment in Shanghai Hengda and the investment properties held by the Group, 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 2016 (31 December 2015: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2016 (31 December 2015: Nil).

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2016, the Group had a total of 115 employees (31 December 2015: 126 employees).

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.

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 2016.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float as required under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 2016.

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. 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 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 the Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. 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 2016.

REVIEW BY THE 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 the Listing Rules. The Audit Committee comprises all three existing independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei. Dr. Cheng Chi Pang is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 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 selected procedures based on those required under 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.

At the request of the Directors, the Company's external auditor, RSM Hong Kong, has carried out a review on the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 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 2016 were approved by the Board on 29 August 2016.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement is published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk). The 2016 interim report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 29 August 2016

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 Dr. Cheng Chi Pang, Mr. Ng Wai Hung and Mr. Cui Shi Wei.