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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 together with the comparative figures for 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	4	**26,367**	23,014
Business tax and other levies		**(230)**	(155)
Cost of services rendered		**(25,866)**	(20,605)
Gross profit		**271**	2,254
Investment income and other gains and losses	5	**(397)**	5,369
Operating and administrative expenses		**(16,518)**	(13,076)
Loss before tax		**(16,644)**	(5,453)
Income tax expense	7	**–**	–
Loss for the year attributable to owners of the Company	8	**(16,644)**	(5,453)
		RMB cents	*RMB cents*
Loss per share	10		
Basic		**(6.80)**	(2.23)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**821**	835
Investment properties		**3,334**	3,428
Golf club membership		**291**	291
Available-for-sale financial assets	*11*	**–**	1,500
Deposit for non-current assets		**533**	–
		4,979	6,054
Current assets			
Trade receivables	*12*	**16,659**	21,174
Trade deposits	*13*	**500**	600
Prepayments and other deposits		**1,003**	952
Other receivables		**943**	472
Bank deposits		**26,950**	–
Bank and cash balances		**12,495**	51,442
		58,550	74,640
Current liabilities			
Accruals and other payables		**8,766**	13,093
Net current assets		**49,784**	61,547
NET ASSETS		**54,763**	67,601
Capital and reserves			
Share capital		**24,276**	24,276
Reserves		**30,487**	43,325
TOTAL EQUITY		**54,763**	67,601

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in providing property consultancy and sales agency services for the property markets mainly in the People's Republic of China (the "PRC") and Southeast Asia.

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

2. BASIS OF PREPARATION

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

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

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

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

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

Amendments to HKAS 7 – Disclosure Initiative

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

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

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

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

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

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

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

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

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

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

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

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

[1] *Effective for annual periods beginning on or after 1 January 2018*

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

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

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

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

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

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

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

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

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

HKFRS 9 – Financial Instruments

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

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

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

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

HKFRS 15 – Revenue from Contracts with customers

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

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

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

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

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

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

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

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

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

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

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

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

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

HKFRS 16 – Leases

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

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

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

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

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

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

4. REVENUE

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

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

5. INVESTMENT INCOME AND OTHER GAINS AND LOSSES

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

6. SEGMENT INFORMATION

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

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

Revenue from major customers

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

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

7. INCOME TAX EXPENSE

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

	2017 *RMB'000*	2016 *RMB'000*
Deferred tax and income tax expense	**–**	–

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

No provision for Tax on Profit in our subsidiary in Cambodia has made as the subsidiary incurred a loss in the year. The applicable tax rate is 20% in the current year.

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

No PRC enterprise income tax has been made in the current year as the relevant group entities incurred a loss for both years. The applicable PRC enterprise income tax is 25% (2016: 25%).

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

	2017 *RMB'000*	2016 *RMB'000*
Loss before tax	**(16,644)**	(5,453)
Tax at the domestic income tax rate of 25% (2016: 25%)	**(4,161)**	(1,363)
Tax effect of income that is not taxable	**(338)**	(858)
Tax effect of expenses that are not deductible	**1,052**	937
Tax effect of tax losses not recognised	**427**	2,210
Tax effect of deductible temporary difference not recognised	**275**	–
Tax losses recognised	**–**	(926)
Tax losses derecognised	**2,373**	–
Tax effect of different tax rates in other tax jurisdictions	**372**	–
Income tax expense	**–**	–

8. LOSS FOR THE YEAR

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

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

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

9. DIVIDEND

On 26 March 2018, the Directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2017 to the shareholders of the Company (2016: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

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

(b) Diluted loss per share

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

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

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

12. TRADE RECEIVABLES

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

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

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

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

Reconciliation of allowance for trade receivables:

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

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

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

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

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

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

13. TRADE DEPOSITS

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

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

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

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

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

Reconciliation of allowance for trade deposits:

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

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

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

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

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

UNMODIFIED AUDIT OPINION

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017 as set out in this announcement are derived from the Group's audited consolidated financial statements for the Year with an unmodified audit opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and business review

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

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

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

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

Comprehensive property consultancy and sales agency business

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

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

Pure property planning and consultancy business

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

Prospects and outlook

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

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

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

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

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

Liquidity and financial resources

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

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

Bank borrowings and overdrafts

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

Indebtedness and charge on assets

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

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

Foreign exchange risks

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

Interest rate risks

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

Staff and the group's emolument policy

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

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

Major investments

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

Contingent liabilities

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

Capital commitments

Except as disclosed in note 29 to the consolidated financial statements, the Group had no material capital commitments as at 31 December 2017 (2016: Nil).

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

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

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. Save for the deviation from code provision A.2.1 of the CG Code as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2017.

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

Under code provision A.6.7 of the CG Code, the independent non-executive Directors and non-executive Director should attend general meeting of the Company. Mr. Ng Wai Hung, an independent non-executive Director who had resigned on 19 September 2017, was absent from the annual general meeting of the Company held on 16 June 2017 due to his other business commitments.

By an order dated 18 December 2015 (the "Order") made by the disciplinary committee of the Hong Kong Institute of Certified Public Accountants, Mr. Cheng Chi Pang ("Mr. Cheng"), the independent non-executive Director, was found to be in breach of the Hong Kong Standards on Auditing 220 and paragraphs 100.4 and 130.1 of the Code of Ethics for Professional Accountants, and was ordered to pay a penalty of HK$100,000 and costs of the hearing totaling HK$10,250. In addition, Mr. Cheng and the other respondent were ordered to jointly and severally pay the remaining costs and expenses of and incidental to the complaint proceedings in a sum of HK$280,788.70. Reference is made to the Circular of the Company dated 12 April 2017, which details of the Order had been inadvertently omitted from. Nevertheless, an announcement in relation to the Order had been published by the Company on 13 January 2016. Please refer to the announcement of the Company dated 13 January 2016 for more information on the Order.

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

MODEL CODE FOR DIRECTORS' SECURITIES 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. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the year ended 31 December 2017.

IMPORTANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

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

REVIEW BY 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") of the Board with written terms of reference and comprising all three independent non-executive Directors.

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

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

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements and the related notes thereto for the year ended 31 December 2017. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this annual results announcement.

PUBLICATION OF THE RESULTS AND ANNUAL 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 2017 Annual Report will be dispatched to the shareholders of the Company and will be made available on the website of the Company and the Stock Exchange in due course.

2018 ANNUAL GENERAL MEETING

It is proposed that the 2018 Annual General Meeting (the "2018 AGM") will be held on Friday, 22 June 2018. A notice convening the 2018 AGM will be published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk) and will be dispatched to the shareholders of the Company accordingly.

CLOSURE OF REGISTER OF MEMBERS

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

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

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

Hong Kong, 26 March 2018

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. Cheng Chi Pang, Mr. Cui Shi Wai and Mr. Lam Chun Choi.