



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

A large, abstract, three-dimensional blue graphic that resembles a thick, flowing ribbon or a stylized wave, curving across the right side of the page. It has a metallic sheen and is set against a background of a city skyline on a wavy, blue surface.

FORTUNE SUN

2022/ *Interim*
Report FORTUNE SUN

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Lin Chien Ju

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 901, 9th Floor
Orient Building
No. 1500 Century Avenue
Pudong New District
Shanghai 200122
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CORPORATE INFORMATION

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY SECRETARY

Mr. Lui Cheuk Wah

COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua
Mr. Lui Cheuk Wah

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

HONG KONG LEGAL ADVISER

Chiu & Partners

PRINCIPAL BANKERS

PRC

China Minsheng Banking Corporation
Limited

HONG KONG

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

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

COMPANY WEBSITE

www.fortune-sun.com

The board (the “Board”) of directors (the “Directors”) of Fortune Sun (China) Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “period under review” or the “period”) together with the comparative figures for 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2022 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) |
| Revenue | 4 | 6,502 | 24,741 |
| Cost of services rendered | | (5,452) | (18,121) |
| Gross profit | | 1,050 | 6,620 |
| Investment income and other gains and losses | | 308 | 50 |
| Operating and administrative expenses | | (5,278) | (6,494) |
| Finance cost | | (6) | (3) |
| (Loss)/profit before tax | | (3,926) | 173 |
| Income tax expense | 5 | — | — |
| (Loss)/profit for the period attributable to the owners of the Company | 6 | (3,926) | 173 |
| (Loss)/earnings per share | 8 | RMB cents | RMB cents |
| Basic | | (1.59) | 0.1 |
| Diluted | | (1.59) | 0.1 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| (Loss)/profit for the period | (3,926) | 173 |
| Other comprehensive income: | | |
| <i>Items that will be reclassified to profit or loss:</i> | | |
| Exchange differences on translating foreign operations | 290 | (28) |
| Other comprehensive income/(expense) for the period, net of tax | 290 | (28) |
| Total comprehensive (expense)/income for the period attributable to the owners of the Company | (3,636) | 145 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

| | Notes | 30 June 2022 RMB'000 (Unaudited) | 31 December 2021 RMB'000 (Audited) |
|---|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 751 | 839 |
| Right-of-use assets | | 224 | 286 |
| Investment properties | 10 | 12,532 | 12,664 |
| | | 13,507 | 13,789 |
| Current assets | | | |
| Trade receivables | 11 | 10,678 | 17,867 |
| Trade deposits | 12 | 300 | 300 |
| Prepayments and other deposits | | 1,676 | 1,692 |
| Other receivables | | 2,804 | 799 |
| Financial assets at fair value through profit or loss | | 2,004 | 2,004 |
| Bank and cash balances | | 6,414 | 7,667 |
| | | 23,876 | 30,329 |
| Current liabilities | | | |
| Accruals and other payables | | 4,534 | 4,571 |
| Lease liabilities | | 124 | 124 |
| | | 4,658 | 4,695 |
| Net current assets | | | |
| | | 19,218 | 25,634 |
| Total assets less current liabilities | | | |
| | | 32,725 | 39,423 |
| Non-current liability | | | |
| Lease liabilities | | 102 | 164 |
| Loan from a related company | 14(b) | 2,000 | 5,000 |
| | | 2,102 | 5,164 |
| NET ASSETS | | | |
| | | 30,623 | 34,259 |
| Capital and reserves | | | |
| Share capital | 13 | 24,394 | 24,394 |
| Reserves | | 6,229 | 9,865 |
| TOTAL EQUITY | | | |
| | | 30,623 | 34,259 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Attributable to owners of the Company

| | Share capital | Share premium | Merger reserve | Reserve fund | Share-based payment reserve | Foreign currency translation reserve | Accumulated losses | Total |
|--|---------------|---------------|----------------|---------------|-----------------------------|--------------------------------------|--------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2021 (Audited) | 24,394 | 69,619 | 14,554 | 16,621 | 4,240 | (2,149) | (89,959) | 37,320 |
| Total comprehensive (expense)/income for the period | — | — | — | — | — | (28) | 173 | 145 |
| Changes in equity for the period | — | — | — | — | — | (28) | 173 | 145 |
| At 30 June 2021 (Unaudited) | 24,394 | 69,619 | 14,554 | 16,621 | 4,240 | (2,177) | (89,786) | 37,465 |
| At 1 January 2022 (Audited) | 24,394 | 69,619 | 14,554 | 16,621 | 4,240 | (2,300) | (92,869) | 34,259 |
| Total comprehensive income/(expense) for the period | — | — | — | — | — | 290 | (3,926) | (3,636) |
| Changes in equity for the period | — | — | — | — | — | 290 | (3,926) | (3,636) |
| At 30 June 2022 (Unaudited) | 24,394 | 69,619 | 14,554 | 16,621 | 4,240 | (2,010) | (96,795) | 30,623 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES | 1,471 | (1,425) |
| NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES | (14) | 6,946 |
| NET CASH USED IN FINANCING ACTIVITIES | (3,000) | (93) |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | 290 | (28) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (1,253) | 5,400 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 7,667 | 6,509 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY | 6,414 | 11,909 |
| Bank and cash balances | 6,414 | 11,909 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2021 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 2021.

2. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS; and its Interpretations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

3. CHANGES IN HKFRSs

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of amended HKFRSs effective for the annual periods beginning on or after 1 January 2022.

| | |
|--------------------------------------|--|
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment — Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvement to HKFRS 2018–2020 |
| Amendments to Accounting Guideline 5 | Merger Accounting for Common Control Combination |

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. REVENUE AND SEGMENT INFORMATION

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

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Comprehensive property consultancy and sales agency service projects, recognised at a point in time | | |
| Primary geographical markets | | |
| PRC | 6,293 | 24,403 |
| Cambodia | — | 7 |
| Pure property planning and consultancy service projects, recognised over time | | |
| Primary geographical markets | | |
| PRC | 209 | 331 |
| | 6,502 | 24,741 |

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

| | 30 June | 31 December |
|-------------------|--------------------|-------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| Trade receivables | 10,678 | 17,867 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group carried on a single business which is the provision of agency services for the sale of properties and property consultancy services, with the majority of business in the PRC, and 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 2021.

5. INCOME TAX EXPENSE

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

No PRC Enterprise Income Tax has been incurred in both periods as the relevant group entities had no assessable profit for both periods.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. (LOSS)/PROFIT FOR THE PERIOD

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

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Auditor's remuneration | 160 | 160 |
| Interest income | (18) | (50) |
| Depreciation of property, plant and equipment | 117 | 58 |
| Depreciation of right-of-use assets | 62 | 86 |
| Depreciation of investment properties | 132 | 121 |
| Exchange loss, net | — | (10) |
| Gross rental income from investment properties less direct outgoing of RMB Nil (2021: RMB Nil) | (125) | (13) |
| Reversal of allowance for — Trade receivables | (94) | (308) |

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period under review (six months ended 30 June 2021: Nil).

8. (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 RMB3,926,000 (six months ended 30 June 2021: profit of RMB173,000) and the number of ordinary shares of 246,183,390 (six months ended 30 June 2021: 246,183,390) in issue during the period.

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the respective periods ended 30 June 2022 and 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

9. PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Group acquired property, plant and equipment of approximately RMB32,000 (six months ended 30 June 2021: RMB8,000) and disposed of property, plant and equipment with carrying amount of approximately RMB3,000 (six months ended 30 June 2021: RMB Nil).

10. INVESTMENT PROPERTIES

All investment properties are located in the PRC. During the period under review, the Group had addition of approximately RMB Nil (six months ended 30 June 2021: RMB162,000) and disposed of investment properties of RMB Nil (six months ended 30 June 2021: RMB Nil).

The Board is of the opinion that, had investment properties been carried at their fair values, the amounts would not be less than the stated carrying amounts as at 30 June 2022. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

11. TRADE RECEIVABLES

| | 30 June 2022 RMB'000 (Unaudited) | 31 December 2021 RMB'000 (Audited) |
|---------------------------------|---|---|
| Trade receivables | 12,567 | 19,850 |
| Less: Allowance for credit loss | (1,889) | (1,983) |
| | 10,678 | 17,867 |

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

11. TRADE RECEIVABLES (Continued)

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

| | 30 June 2022 RMB'000 (Unaudited) | 31 December 2021 RMB'000 (Audited) |
|-----------------|---|---|
| 0 to 90 days | 3,806 | 8,018 |
| 91 to 180 days | 1,273 | 4,707 |
| 181 to 365 days | 3,506 | 4,052 |
| 1 to 2 years | 1,997 | 644 |
| Over 2 years | 96 | 446 |
| | 10,678 | 17,867 |

12. TRADE DEPOSITS

| | 30 June 2022 RMB'000 (Unaudited) | 31 December 2021 RMB'000 (Audited) |
|---------------------------------|---|---|
| Trade deposits | 300 | 300 |
| Less: Allowance for credit loss | — | — |
| | 300 | 300 |

Trade deposits represent the amounts paid for comprehensive property consultancy and sales agency service contracts. These trade deposits are refundable when the prescribed terms in the underlying agency contracts are completed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

12. TRADE DEPOSITS (Continued)

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 2022 RMB'000 (Unaudited) | 31 December 2021 RMB'000 (Audited) |
|-----------------|---|---|
| 181 to 365 days | 300 | 300 |

13. SHARE CAPITAL

| | Number of ordinary shares '000 | Nominal value | |
|---|---|----------------------|---------|
| | | HK\$'000 | RMB'000 |
| Authorised: | | | |
| Ordinary shares of HK\$0.1 each | | | |
| At 31 December 2021 (Audited), 1 January 2022 (Audited) and 30 June 2022 (Unaudited) | 2,000,000 | 200,000 | 206,000 |
| Issued and fully paid: | | | |
| Ordinary shares of HK\$0.1 each | | | |
| At 31 December 2021 (Audited), 1 January 2022 (Audited) and 30 June 2022 (Unaudited) | 246,183 | 24,618 | 24,394 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions with its related parties during the period:

| | | Six months ended 30 June | |
|-------------|---|---------------------------------|-------------|
| | | 2022 | 2021 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| (i) | Compensation of key management personnel of the Group | | |
| | Fees | 255 | 345 |
| | Basic salaries and other allowances | 342 | 347 |
| | Retirement benefits scheme contributions | 31 | 31 |
| | Total compensation paid to key management personnel | 628 | 723 |
| (ii) | Rental payment to a related company owned by a director of the Company | | |
| | | 356 | 478 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) During the period ended 30 June 2022, the Company has entered into the loan agreement with the related company for the loan facilities amounted to RMB 5,000,000. The loan is unsecured and will mature in June 2027. It bears interest rate at 4.75% per annum for the first year and thereafter at prevailing lending rate stipulated by People's Bank of China per annum. As at 30 June 2022, the Company has unutilised amounted of RMB 3,000,000.

As at 31 December 2021, the loan is unsecured and will mature in November 2025. It bears interest rate at 4.75% per annum for the first year and thereafter at prevailing lending rate stipulated by People's Bank of China per annum. The loan has been early repaid in February 2022.

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022 (Unaudited) (31 December 2021: Nil (Audited)).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since the beginning of 2022, economic development of the People's Republic of China (the "PRC") has undergone multiple blows as a result of, among other things, the recurrence of the domestic COVID-19 pandemic (the "Pandemic") and the tensions between Russia and Ukraine. The downward pressure has further increased, and the domestic economy has entered a period of deep adjustment. With the looming global recession, the domestic and external environment has been more complex and volatile, geopolitical conflicts have continued to exist, and triple pressure has continued to mount.

In the first half of 2022, the PRC's GDP increased by 2.5% year-on-year, with a year-on-year decline in growth rate by more than half, and in the second quarter, the growth rate was only 0.4%, which was the lowest value among the same periods in history. Major economic indicators fell sharply in April, and rebounded in May and June with the introduction of a package of relief policies by the central government. The urban unemployment rate continued to rise. In the first half of 2022, the unemployment rate increased by approximately 9.6% month-on-month. In the second quarter, the unemployment rate of urban youth aged 16-24 approached the 20% mark, and the overall employment situation remains grim.

On the supply side, the industrial added value has stalled, and the growth rate of service added value has deteriorated from positive to negative. On the demand side, foreign trade and manufacturing industries have shown strong resilience, infrastructure has maintained rapid growth due to favorable policies, while real estates and household consumption have been sluggish.

The monetary policy has continued to be loose, with the aim to increase the liquidity investment, help market players boost employment and stabilize growth. In particular, the value-added tax credit refund is a key measure to stabilize the market this year. In the first half of 2022, RMB1.84 trillion of tax refunds were refunded, which was 2.9 times that of the corresponding period last year. In terms of social financing, the scale in the first half of 2022 was approximately RMB21 trillion, representing a year-on-year increase of RMB3.2 trillion; and the balance of RMB loans increased by RMB13.7 trillion, representing a year-on-year increase of RMB0.92 trillion. The growth rate of the national general public budget revenue turned from positive to negative, of which, government fund budget revenue decreased by 28.4% and its expenditure increased by 31.5% over the same period. In the first half of 2022, the fiscal policy has exerted efforts to stabilize the economy and expectations. In the first half of 2022, the value of newly issued special bonds amounted to RMB3.41 trillion, accounting for 93% of the total amount of the year, supporting more than 20,000 projects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

The Pandemic has resurged this year, with the scattered outbreaks of the Pandemic throughout the PRC, involving a number of economically powerful provinces, and dealt severe blows to the consumer market. In the first half of 2022, the total retail sales of social consumer goods were RMB21.04 trillion, and the growth rate turned from positive to negative. The investment in real estate development has continued to be stagnant. The total floor area of commercial housing sold nationwide dropped by 22.2%, and the sales of commercial housing dropped by 28.9% compared to the corresponding period of 2021.

The real estate market has continued to be sluggish in the first half of 2022. Since the beginning of 2022, the sales area and units of commercial housing have continued to decline. From April to May, due to the unexpected impact from the domestic Pandemic outbreaks, the downward pressure on the economy further increased, and the investment volume entered the era of negative growth. In June, with the gradual containment of the Pandemic and with the bailout policy gradually showing its effect, the decline lessened.

In terms of overseas business development, the Pandemic outbreak in Cambodia has had, and continues to have, a serious impact on the local economy, and the local real estate market in Cambodia during the period has been under constant pressure.

During the period under review, the Group recorded revenue of approximately RMB6.5 million, representing a significant decrease of approximately 73.7% as compared with approximately RMB24.7 million recorded for the corresponding period of last year. Such decrease was mainly due to the substantial decrease in revenue generated from the comprehensive property consultancy and sales agency service projects of the Group in the PRC by approximately RMB18.1 million to approximately RMB6.3 million for the period under review as compared with approximately RMB24.4 million recorded for the corresponding period in the preceding year for reasons further explained in the paragraph headed “comprehensive property consultancy and sales agency business” below. Revenue from the pure property planning and consultancy projects of the Group decreased during the period under review by approximately RMB0.1 million to approximately RMB0.2 million as compared with approximately RMB0.3 million for the preceding year for reasons further explained in the paragraph headed “pure property planning and consultancy business” below.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

The Group recorded gross profit of approximately RMB1.05 million for the period under review as compared with approximately RMB6.62 million in the corresponding period in the previous year. Such decrease was mainly resulted from the decline in demand from the primary property markets in the PRC as a result of the resurgence of the Pandemic and the corresponding preventive and control measures imposed by the local government, including, among other things, lockdowns and travel restrictions in Shanghai and the nearby regions, which in turn affected business operations. The overall operating and administrative expenses also decreased by approximately 18.7% as a result of the tight cost saving policy implemented by the Group during the period under review.

Thus, the Group recorded a net loss of approximately RMB3.9 million for the period under review as compared with a net profit of approximately RMB0.2 million in the corresponding period in the previous year.

Regarding the Group's operations during the period under review on a geographical sense, most of the Group's revenue recorded in the PRC was generated from projects in Jiangsu Province, followed by Hubei Province and Zhejiang Province, which represented approximately 63.0%, 29.6% and 7.4% of the Group's total revenue, respectively. On a comparative basis, in the corresponding period of 2021, the Group's recorded revenue was mainly generated from projects in Zhejiang Province, followed by Hubei Province and Jiangsu Province which represented approximately 52.7%, 40.3% and 5.5% of the Group's total revenue, respectively. Regarding business segments, during the period under review, the revenue generated from the comprehensive property consultancy and sales agency service business segment remained a major source of income for the Group and accounted for approximately 96.8% of the Group's total revenue (for the six months ended 30 June 2021: approximately 98.6%), while the revenue generated from the pure property planning and consultancy business segment accounted for approximately 3.2% of the Group's total revenue (for the six months ended 30 June 2021: approximately 1.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services for the properties markets with the majority of business in the PRC. During the period under review, the Group had managed 9 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2021: 12 projects) in the PRC and Cambodia. The total gross floor area of the underlying properties sold by the Group acting as the agent during period under review was approximately 12,200 square meters (for the six months ended 30 June 2021: 83,000 square meters) in the PRC and Cambodia.

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects for period under review was approximately RMB6.3 million (for the six months ended 30 June 2021: approximately RMB24.4 million), representing a decrease by approximately 74.2% as compared with the corresponding period in 2021, of which revenue recorded from the PRC market during the period under review decreased by 74.2% from approximately RMB24.4 million during the six months ended 30 June 2021 to approximately RMB6.3 million during the six months ended 30 June 2022. The decrease in revenue from comprehensive property consultancy and sales agency service projects mainly resulted from the decline in demand from the primary property markets in the PRC as a result of the preventive and control measures imposed by the local government as discussed above. The significant decrease in revenue recorded in Cambodia during the period under review was due to, following the outbreak of the Pandemic, demand for the Group's services in Cambodia declining substantially as a result of the decrease in housing demand in Cambodia. The market environment in Cambodia is expected to remain unfavorable throughout 2022.

As at 30 June 2022, the Group had 6 comprehensive property consultancy and sales agency service projects on hand (30 June 2021: 12 projects) with a total unsold gross floor area of approximately 250,000 square meters (30 June 2021: approximately 922,000 square meters). As at 30 June 2022, among the 6 projects, sale of the underlying properties of 2 project had not commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the period under review, the Group has continued to operate its pure property planning and consultancy business in the PRC. For the six months ended 30 June 2022, the Group provided pure property planning and consultancy services for 2 property development projects (the six months ended 30 June 2021: 3 projects), which generated an aggregate revenue of approximately RMB209,000, representing approximately 3.2% of the unaudited total revenue of the Group (the six months ended 30 June 2021: revenue of approximately RMB331,000 or approximately 1.4%).

The decrease in revenue from pure property planning and consultancy business is mainly due to the positive growth in the economy in the PRC resulting in reduced uncertainties for small and medium developers as to the environment of the property market, thereby causing a reduced demand for the Group's market research and promotion planning services from these developers.

PROSPECTS AND OUTLOOKS

Looking forward to the second half of the year, in terms of the external environment, geopolitical conflicts will not end in the short term, economies of developed countries will continue to stagnate, monetary policies will be tightened, and the global economy may face the risk of recession. Internally, the Pandemic subsists, and under the global economy pressure on the top, the market is expected to weaken with contraction in demand. At the same time, the change of office may pose new challenges to the continuity of policy implementation. The monetary policy is expected to remain accommodative, and fiscal policy will add new policy tools and issue special bond quotas to promote the economic recovery.

Since the beginning of 2022, the central government has continued to take more measures to stabilize the real estate market, bail out real estate enterprises, support the market decompression and promote the recovery of the real estate market as soon as possible.

On 16 March 2022, the Finance Committee of the State Council held a special meeting to resolve risks of the real estate market. On 29 April 2022, the Political Bureau of the Central Committee stated its position, affirming the city-by-city unbundling policy introduced in various cities in the first quarter of 2022. At the end of May 2022, the State Council held a teleconference to discuss policies to stimulate the economy with extraordinary means. Overall, the central government's policy tone on the real estate regulation has been highly clear. In the second half of the year, it will continue to release easing signals to support the rigid demand and improvement demand, and promote the recovery of the real estate market.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOKS *(Continued)*

In terms of specific policies, more than 500 policies were issued in the first half of the year, covering more than 160 cities, which has been the most in the past years. The content of the policies starts from the residents' side, including relaxing restrictions on purchase, loans, sales and prices, lowering the down payment ratio, increasing the limit of provident fund loans, issuing housing subsidies, relaxing settlement requirements, supporting multi-child households to purchase houses and making house ticket settlement. In terms of enterprises, the policies aim to reduce the burden on real estate enterprises, optimize the supervision of pre-sale funds, optimize the regulations of land auctions, and speed up the approval of various processes. Among the said policies, the adjustment of the provident fund occurs most frequently, followed by reduction of the down payment ratio and relaxation of purchase restrictions.

In the second half of 2022, there is still high degree of uncertainty in the real estate market recovery. The recovery of the market would need to restore the confidence of residents and combine efforts to rescue the market.

It is expected that financial policies will continue to carry out counter-cyclical adjustments, and the industry will move from deleveraging to stabilizing leverage. The policies will continue to support the financing needs of enterprises and restore their own hematopoietic capacity, and carry out substantial bailouts or insolvency restructuring for out-of-risk real estate enterprises to boost the market confidence with efficiency.

In terms of destocking, second-tier and third-tier cities may completely revoke restrictive measures such as purchase restrictions, loan restrictions and sales restrictions, and gradually release price restrictions to substantially encourage real estate enterprises to exchange price for volume, accelerate the transformation of market transactions, and promote the market recovery. Stressed cities may stimulate residents to resume consumption through fiscal and tax incentives, house ticket settlement and other measures. The characteristics of city-by-city policies in various regions will become more obvious, and bailout policies adjusted according to local characteristics may be introduced and implemented.

As the business environment is full of uncertainties, the Group may need to enhance promotional activities and increase sales costs when implementing individual projects, resulting in a decrease in gross profit. With the expected relaxation of control measures and the upcoming favourable government policies, the Group will strive to seize any opportunities as well as further strengthen its cost control policy and strictly control cash flow, so as to reduce operating expenses and improve its operating performance in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOKS *(Continued)*

As for the Group's future development in Cambodia, the outbreak of the Pandemic has created great uncertainties for the real estate market in Cambodia as well as other Southeast Asian countries. The Group's performance in Cambodia for the six months ended 30 June 2022 has been significantly affected by the Pandemic. The Group will continue evaluating its business plan in Cambodia from time to time as the impact of the Pandemic evolves in Cambodia.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had unaudited net current assets of approximately RMB19.2 million (31 December 2021: approximately RMB25.6 million), unaudited total assets of approximately RMB37.3 million (31 December 2021: approximately RMB44.1 million) and unaudited shareholders' funds of approximately RMB30.6 million (31 December 2021: approximately RMB34.3 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 6.46 as at 31 December 2021 to 5.12 as at 30 June 2022.

As at 30 June 2022, the unaudited bank deposits and bank and cash balances of the Group are denominated in Renminbi and Hong Kong Dollars and amounted to approximately RMB6.4 million (31 December 2021: approximately RMB7.7 million).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2022, the Group did not have any short term borrowing (31 December 2021: Nil) and had long term borrowing of RMB2 million (31 December 2021: RMB5 million) which are denominated in Renminbi and will mature in June 2027.

The Group had no bank borrowings or overdrafts as at 30 June 2022 (31 December 2021: Nil).

As at 30 June 2022, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 6.5% (31 December 2021: 14.6%).

As at 30 June 2022, the Group had no charge on assets.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

EVENTS AFTER THE REPORTING PERIOD

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

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

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

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances and other borrowings with floating interest rate, as the Group had no bank borrowings.

MAJOR INVESTMENTS

The Group had no material investments as at 30 June 2022. As at the date of this interim report, the Group has no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2022 (31 December 2021: Nil).

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2022, the Group had a total of 94 staff (31 December 2021: 118 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB2.9 million (for the six months ended 30 June 2021: RMB4.1 million) during the six months ended 30 June 2022.

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

DISCLOSURE OF INTERESTS

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

| Name of Directors | Company/Name of associated corporation | Capacity | Number and class of securities (Note 1) | Approximate percentage of shareholding (Note 12) |
|--|--|--|--|---|
| Mr. Chiang Chen Feng ("Mr. Chiang") | The Company | Interest of controlled corporations (Note 2) | 89,659,979 Ordinary Shares (L) | 36.42% |
| | | Beneficial owner and interest of spouse (Note 3) | 1,637,390 Ordinary Shares (L) | 0.67% |
| | | Beneficial owner and interest of spouse (Note 4) | 4,200,000 Ordinary Shares (L) | 1.71% |

DISCLOSURE OF INTERESTS

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

| Name of Directors | Company/Name of associated corporation | Capacity | Number and class of securities (Note 1) | Approximate percentage of shareholding (Note 12) |
|-------------------------------------|--|---|--|---|
| Ms. Lin Chien Ju ("Ms. Lin") | The Company | Interest of a controlled corporation (Note 5) | 43,722,460 Ordinary Shares (L) | 17.76% |
| | | Beneficial owner (Note 6) | 100,000 Ordinary Shares (L) | 0.04% |
| Mr. Han Lin ("Mr. Han") | The Company | Beneficial owner | 7,051,801 Ordinary Shares (L) | 2.86% |
| | | Beneficial owner (Note 7) | 1,500,000 Ordinary Shares (L) | 0.61% |
| Ms. Chang Hsiu Hua ("Ms. Chang") | The Company | Interest of spouse (Note 8) | 89,659,979 Ordinary Shares (L) | 36.42% |
| | | Beneficial owner and interest of spouse (Note 9) | 1,637,390 Ordinary Shares (L) | 0.67% |
| | | Beneficial owner and interest of spouse (Note 10) | 4,200,000 Ordinary Shares (L) | 1.71% |
| Mr. Cui Shi Wei ("Mr. Cui") | The Company | Beneficial owner (Note 11) | 200,000 Ordinary Shares (L) | 0.08% |

DISCLOSURE OF INTERESTS

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

Notes:

1. The letter "L" denotes the Directors' long position in the shares ("Shares") or underlying Shares of the Company.
2. These Shares were registered in the name of Active Star Investment Limited ("Active Star"), the entire issued capital of which was owned by Mr. Chiang. Mr. Chiang was also the director of Active Star. Mr. Chiang was deemed to be interested in all the Shares in which Active Star was interested by virtue of the SFO.
3. The long position of Mr. Chiang in these 1,637,390 Shares comprised the 894,347 Shares and 743,043 Shares beneficially owned by him and his wife, Ms. Chang respectively. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang was interested by virtue of the SFO.
4. The long position of Mr. Chiang in these 4,200,000 Shares comprised 2,400,000 options and 1,800,000 options granted to him and his wife respectively by the Company under the share option scheme on 19 January 2017. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang was interested by virtue of the SFO.
5. These Shares were registered in the name of Upwell Assets Corporation ("Upwell Assets"), the entire issued capital of which was evenly owned by Ms. Lin and her sister, Ms. Lin Shu Chi. Ms. Lin was also one of the directors of Upwell Assets. Ms. Lin was deemed to be interested in all the Shares in which Upwell Assets was interested by virtue of the SFO.
6. The long position of Ms. Lin in these 100,000 Shares comprised the 100,000 options granted to her by the Company under the share option scheme on 19 January 2017.
7. The long position of Mr. Han in these 1,500,000 Shares comprised the 1,500,000 options granted to him by the Company under the share option scheme on 19 January 2017.

DISCLOSURE OF INTERESTS

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

Notes: (Continued)

8. Ms. Chang was regarded as interested in all the Shares referred to in note 2 above, in which Mr. Chiang, her husband, was interested by virtue of the SFO.
9. The long position of Ms. Chang in these 1,637,390 Shares comprised the 743,043 Shares and 894,347 Shares beneficially owned by her and her husband, Mr. Chiang respectively. Ms. Chang was regarded as interested in all the Shares in which Mr. Chiang was interested by virtue of the SFO.
10. The long position of Ms. Chang in these 4,200,000 Shares comprised 1,800,000 options and 2,400,000 options granted to her and her husband respectively by the Company under the share option scheme on 19 January 2017. Ms. Chang was regarded as interested in all the Shares in which Mr. Chiang was interested by virtue of the SFO.
11. The long position of Mr. Cui in these 200,000 Shares represented 200,000 options granted to him by the Company under the share option scheme on 19 January 2017.
12. These percentages are calculated on the basis of 246,183,390 Shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

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

As at 30 June 2022, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

| Name of shareholder | Capacity | Number and class of securities (Note 1) | Approximate percentage of shareholding |
|--|---|--|--|
| Active Star | Beneficial owner (Note 2) | 89,659,979 Ordinary Shares (L) | 36.42% |
| Upwell Assets | Beneficial owner (Note 3) | 43,722,460 Ordinary Shares (L) | 17.76% |
| Ms. Lin Shu Chi | Interest of a controlled corporation (Note 3) | 43,722,460 Ordinary Shares (L) | 17.76% |
| Honorway Nominees Limited ("Honorway Nominees") | Beneficial owner (Note 4) | 19,528,103 Ordinary Shares (L) | 7.93% |
| Honorway Investments Limited | Interest of a controlled corporation (Note 4) | 19,528,103 Ordinary Shares (L) | 7.93% |
| Mr. Ho Hau Chong, Norman | Interest of a controlled corporation (Note 4) | 19,528,103 Ordinary Shares (L) | 7.93% |
| Ms. Yvette Therese Ma | Interest of spouse (Note 5) | 19,528,103 Ordinary Shares (L) | 7.93% |
| Mr. Ho Hau Hay, Hamilton | Interest of a controlled corporation (Note 4) | 19,528,103 Ordinary Shares (L) | 7.93% |
| Ms. Sharon Young | Interest of spouse (Note 6) | 19,528,103 Ordinary Shares (L) | 7.93% |

DISCLOSURE OF INTERESTS

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

| Name of shareholder | Capacity | Number and class of securities (Note 1) | Approximate percentage of shareholding |
|---------------------|---|--|--|
| Mr. Zhu Kai | Beneficial owner | 9,998,000 Ordinary Shares (L) | 4.06% |
| | Interest of a controlled Corporation (Note 7) | 3,096,000 Ordinary Shares (L) | 1.26% |

Notes:

- The letter "L" denotes the shareholders' long position in the Shares or underlying Shares of the Company.
- These Shares were registered in the name of Active Star, the entire issued share capital of which was owned by Mr. Chiang. Mr. Chiang was deemed to be interested in all the Shares in which Active Star was interested by virtue of the SFO.
- These Shares were registered in the name of Upwell Assets, the entire issued share capital of which was evenly owned by Ms. Lin Shu Chi and Ms. Lin, a non-executive Director. Ms. Lin Shu Chi was deemed to be interested in all the Shares in which Upwell Assets was interested by virtue of the SFO.
- These Shares were registered in the name of Honorway Nominees, which was controlled by Honorway Investments Limited, which was in turn controlled by Mr. Ho Hau Chong, Norman and his brother, Mr. Ho Hau Hay, Hamilton. Mr. Ho Hau Chong, Norman, Mr. Ho Hau Hay, Hamilton and Honorway Investments Limited were deemed to be interested in all the Shares in which Honorway Nominees was interested by virtue of the SFO.
- Ms. Yvette Therese Ma was deemed to be interested in all the Shares in which Mr. Ho Hau Chong, Norman, her spouse, was interested by virtue of the SFO.
- Ms. Sharon Young was deemed to be interested in all the Shares in which Mr. Ho Hau Hay, Hamilton, her spouse, was interested by virtue of the SFO.
- These Shares were registered in the name of Double Energy Limited, the entire issued share capital of which was owned by Mr. Zhu Kai. Mr. Zhu Kai was deemed to be interested in all the Shares in which Double Energy Limited was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2022, no person (other than a Director or chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

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

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

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Details of the movements in the Company's outstanding share options granted under the Share Option Scheme for the six months ended 30 June 2022 were as follows:

| Category of participant | Number of shares in respect of share options | | | | | Date of grant (Note) | Exercise period | Exercise price per Share HK\$ | Closing price of the Shares on the trading day immediately before the date of grant HK\$ |
|-------------------------|--|---------------------------|-----------------------------|---------------------------------------|--------------------------------|-------------------------|--------------------------|----------------------------------|---|
| | Outstanding as at 1 January 2022 | Granted during the period | Exercised during the period | Cancelled or lapsed during the period | Outstanding as at 30 June 2022 | | | | |
| Directors: | | | | | | | | | |
| Chiang Chen Feng | 1,200,000 | — | — | — | 1,200,000 | 19/1/2017 | 19/01/2018 to 18/01/2027 | 1.130 | 1.08 |
| | 1,200,000 | — | — | — | 1,200,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 2,400,000 | — | — | — | 2,400,000 | | | | |
| Chang Hsiu Hua | 900,000 | — | — | — | 900,000 | 19/1/2017 | 19/01/2018 to 18/01/2027 | 1.130 | 1.08 |
| | 900,000 | — | — | — | 900,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 1,800,000 | — | — | — | 1,800,000 | | | | |
| Han Lin | 750,000 | — | — | — | 750,000 | 19/1/2017 | 19/01/2018 to 18/01/2027 | 1.130 | 1.08 |
| | 750,000 | — | — | — | 750,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 1,500,000 | — | — | — | 1,500,000 | | | | |
| Lin Chien Ju | 100,000 | — | — | — | 100,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 100,000 | — | — | — | 100,000 | | | | |

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Number of shares in respect of share options

| Category of participant | Outstanding as at 1 January 2022 | Granted during the period | Exercised during the period | Cancelled or lapsed during the period | Outstanding as at 30 June 2022 | Date of grant (Note) | Exercise period | Exercise price per Share HK\$ | Closing price of the Shares on the trading day immediately before the date of grant HK\$ |
|-----------------------------------|----------------------------------|---------------------------|-----------------------------|---------------------------------------|--------------------------------|----------------------|--------------------------|-------------------------------|--|
| Cui Shi Wei | 100,000 | — | — | — | 100,000 | 19/1/2017 | 19/01/2018 to 18/01/2027 | 1.130 | 1.08 |
| | 100,000 | — | — | — | 100,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 200,000 | — | — | — | 200,000 | | | | |
| Employees: In aggregate | 50,000 | — | — | — | 50,000 | 19/1/2017 | 19/01/2018 to 18/01/2027 | 1.130 | 1.08 |
| | 750,000 | — | — | — | 750,000 | 19/1/2017 | 19/01/2019 to 18/01/2027 | 1.130 | 1.08 |
| | 800,000 | — | — | — | 800,000 | | | | |
| Total | 6,800,000 | — | — | — | 6,800,000 | | | | |

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

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 73,855,017 Shares as at the date of this interim report) (the "Overriding Limit"). No further options may be granted under the Share Option Scheme if this will result in the Overriding Limit being exceeded.

As at the date of this interim report, options granted under the Share Option Scheme to subscribe for 6,800,000 Shares, representing approximately 2.76% of the issued share capital of the Company and the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme is 16,223,339 Shares, representing approximately 6.6% of the issued share capital of the Company.

OTHER INFORMATION

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2022.

USE OF PROCEEDS FROM THE COMPANY'S RIGHTS ISSUE

In November 2015, the Company raised net proceeds of approximately HK\$33.3 million by way of rights issue (the "Rights Issue"). For details of the Rights Issue, please refer to the Company's announcements dated 1 September 2015, 16 November 2015 and 8 March 2021, and the Company's prospectus dated 26 October 2015.

The Directors resolved on 8 March 2021 to re-allocate the designated use of the unutilised proceeds from the Rights Issue (the "Reallocation"). Please refer to the Company's announcement dated 8 March 2021 for details of the Reallocation. As at 30 June 2022, approximately HK\$0.6 million, representing approximately 1.8% of the total net proceeds from the Rights Issue, remained unutilised.

OTHER INFORMATION

USE OF PROCEEDS FROM THE COMPANY'S RIGHTS ISSUE

(Continued)

The following table sets forth the use of the unutilised proceeds from the Rights Issue during the period and the expected timeline of use:

| Use of Unutilised Proceeds after Reallocation | Amount of the unutilised proceeds allocated pursuant to the Reallocation (HK\$' million, approximately) | Amount unutilised as at 31 December 2021 (HK\$' million, approximately) | Amounts utilised during the period (HK\$' million, approximately) | Amount unutilised as at 30 June 2022 (HK\$' million, approximately) | Expected timeline of use |
|--|---|---|---|---|--------------------------|
| Repayment of existing interest-bearing loan advanced to the Group by a company wholly-owned by Ms. Chang Hsiu Hua, an executive director of the Company (the "Loan") | 6.0 | 6.0 | 6.0 | Nil (Note a) | N/A |
| Renovation of an investment property of the Group for future rental purpose | 0.8 | — | — | Nil (Note a) | N/A |
| Payment of agency fee for the rental of investment property held by the Group | 0.2 | 0.1 | — | 0.1 | By the end of 2022 |
| Payment of other operating expenses in relation to the rental of investment property held by the Group | 1.0 | 0.5 | — | 0.5 | By the end of 2022 |
| General replenishment of working capital and other general corporate purpose | 0.6 | — | — | Nil (Note a) | N/A |
| | 8.6 | 6.6 | 6.0 | 0.6 | |

Note

(a): As at 30 June 2022, the entire portion reallocated to the Loan, the renovation of an investment property of the Group for future rental purpose and general replenishment of working capital and other general corporate purpose had been fully utilised.

As at the date of this interim report, the Company does not anticipate any further change to the above planned use of proceeds after the Reallocation.

OTHER INFORMATION

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 14 to the Listing Rules. Save for the deviation from code provision C.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 2022.

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

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company’s code of conduct during the six months ended 30 June 2022. The interests held or deemed to be held by individual Directors in the Company’s securities as at 30 June 2022 are set out on pages 28 to 31 of this interim report.

OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements and this interim report of the Group for the six months ended 30 June 2022 including the accounting, internal control and financial reporting issues. The Audit Committee did not have any disagreement on the accounting treatment adopted by the Group in its unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 were approved by the Board on 31 August 2022.

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

Hong Kong, 31 August 2022