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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 (the "**period under review**" or the "**period**") together with the comparative figures for 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
	Notes	***2021***	*2020*
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**24,741**	7,217
Cost of services rendered		**(18,121)**	(5,260)
Gross profit		**6,620**	1,957
Investment income and other gains and losses		**50**	594
Operating and administrative expenses		**(6,494)**	(6,717)
Finance cost		**(3)**	(7)
Profit/(loss) before tax		**173**	(4,173)
Income tax expense	*5*	**—**	—
Profit/(loss) for the period	*6*	**173**	(4,173)
Attributable to			
Owners of the Company		**173**	(4,173)
Non-controlling interests		**—**	—
		173	(4,173)
Earnings/(loss) per share	*8*	***RMB cents***	*RMB cents*
Basic		**0.1**	(1.7)
Diluted		**0.1**	(1.7)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**173**	(4,173)
Other comprehensive income:		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(28)**	89
Other comprehensive (expense)/income for the period, net of tax	**(28)**	89
Total comprehensive income/(expense) for the period	**145**	(4,084)
Attributable to		
Owners of the Company	**145**	(4,084)
Non-controlling interests	**—**	—
	145	(4,084)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	**30 June 2021**	31 December 2020
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		**1,030**	1,043
Right-of-use assets		**—**	86
Investment properties		**12,722**	12,681
Golf club membership		**291**	291
		14,043	14,101
Current assets			
Trade receivables	*9*	**16,103**	15,217
Trade deposits	*10*	**300**	300
Prepayments and other deposits		**1,977**	1,467
Other receivables		**624**	697
Bank deposits		**2,440**	9,787
Bank and cash balances		**11,909**	6,509
		33,353	33,977
Current liabilities			
Accruals and other payables		**4,931**	5,668
Lease liabilities		**—**	90
		4,931	5,758
Net current assets		**28,422**	28,219
Total assets less current liabilities		**42,465**	42,320
Non-current liability			
Loan from a related company		**5,000**	5,000
NET ASSETS		**37,465**	37,320
Capital and reserves			
Share capital		**24,394**	24,394
Reserves		**13,071**	12,926
TOTAL EQUITY		**37,465**	37,320

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2020 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 2020.

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 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); HKAS; and its Interpretations.

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 2020, except for the adoption of amended HKFRSs effective for the annual periods beginning on or after 1 January 2021.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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.

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	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets		
PRC	**24,403**	5,462
Cambodia	**7**	109
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets		
PRC	**331**	1,646
	24,741	7,217

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

	30 June	31 December
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**16,103**	15,217

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 2020.

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.

6. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**160**	160
Interest income	**(50)**	(529)
Depreciation of property, plant and equipment	**58**	127
Depreciation of right-of-use assets	**86**	397
Depreciation of investment properties	**121**	47
Exchange (gain)/loss, net	**(10)**	376
Gross rental income from investment properties less direct outgoing of RMB Nil (2020: RMB Nil)	**(13)**	(40)
Reversal of allowance for — Trade receivables	**(308)**	—

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period under review (six months ended 30 June 2020: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately RMB173,000 (six months ended 30 June 2020: loss of RMB4,173,000) and the number of ordinary shares of 246,183,390 (six months ended 30 June 2020: 246,183,390) in issue during the period.

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the respective periods ended 30 June 2021 and 30 June 2020.

9. TRADE RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**16,255**	15,677
Less: Allowance for credit loss	**(152)**	(460)
	16,103	15,217

The average credit period granted to 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 aging analysis of the Group's trade receivables, based on the billing date and net of allowance, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**11,775**	9,602
91 to 180 days	**1,123**	2,048
181 to 365 days	**1,822**	2,710
1 to 2 years	**1,185**	662
Over 2 years	**198**	195
	16,103	15,217

10. TRADE DEPOSITS

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(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. The trade deposit is refundable when the prescribed terms in the underlying agency contracts are achieved.

At the end of the reporting period, the directors considered that no allowance is made based on the timing of the collection on a regular basis and there has been no significant change in credit quality.

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 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
181 to 365 days	**—**	300
Over 1 year	**300**	—
	300	300

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2021, Mainland China's economy has performed exceedingly well, with its GDP having grown by approximately 12.7% year-on-year. As a result of the economic recovery, the domestic property market as a whole continues to prosper as it did at the end of 2020. The sales scale of commodity houses has increased significantly, and the market in the key cities remains thriving, resulting in a trend of stable price and increasing transaction volume.

According to the National Real Estate Development and Sales data for January to June 2021 announced by the National Bureau of Statistics, the sales of national commodity houses in the first half of 2021 hit a record high as compared with the same period in the previous year, amounted to approximately RMB9.3 trillion, representing a year-on-year increase of approximately 38.9%. In the first half of 2021, the area of national commodity houses sold amounted to approximately 0.89 billion square meters, representing a year-on-year increase of approximately 27.7%. The market for first-hand properties was relatively active in the first half of 2021, with the transaction volume at the beginning of the year mainly continuing the increasing market trends from the end of 2020.

In respect of land, the announcement of the "Two Concentration" policy for residential lands has brought substantial change to the land market. Under the impact of this policy, the pace of land grant was readjusted, resulting in a shrinking supply and demand scale in the land market in the first half of year compared with the same period of 2020. However, the floor area price of high-quality land continues to rise, and the property developers remain proactive in acquiring lands.

In terms of policies, the Chinese central government upholds the policies of "houses are for living, not for speculating" and "stable land prices, housing prices and expectation" for the property market to avoid disruption to market order and speculation, hence maintains a stable and healthy market operation.

Overall, although the Group's operating environment remains challenging, the performance of the Group has been gradually improving since 2020 as the PRC property market recovers and becomes more active.

In terms of overseas business development, the COVID-19 pandemic (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 interim period has been under constant pressure.

During the period under review, the Group recorded revenue of approximately RMB24.7 million, representing a significant increase of approximately 242.8% as compared with approximately RMB7.2 million recorded for the corresponding period of last year. Such increase was mainly due to the substantial increase in revenue generated from the comprehensive property consultancy and sales agency service projects of the Group in the PRC by approximately RMB18.8 million to approximately RMB24.4 million for the period under review as compared with approximately RMB5.6 million recorded for the corresponding period in the preceding year for reasons further explained in the paragraph headed "comprehensive property consultancy and sales agency service project" below. Revenue from the pure property planning and consultancy projects of the Group decreased during the period under review by approximately RMB1.3 million to approximately RMB0.3 million as compared with approximately RMB1.6 million for the preceding year for reasons further explained in the paragraph headed "pure property planning and consultancy business" below.

The Group recorded gross profit of approximately RMB6.62 million for the period under review as compared with approximately RMB1.96 million in the corresponding period in the previous year. Such improvement was mainly attributable to the increase in revenue and maintenance of the stable gross profit ratio when comparing to the corresponding period in the previous year. The overall operating and administrative expenses also decreased by approximately 3.3% as a result of the tight cost saving policy during the period under review.

Thus, the Group recorded a net profit of approximately RMB0.2 million for the period under review as compared with a net loss of approximately RMB4.2 million in the corresponding period in the previous year. The Directors consider that the turnaround from loss recorded for the six months ended 30 June 2020 to profit recorded for the period under review is in line with the market trend since 2020 as market conditions improve.

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 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. On a comparative basis, in the corresponding period of 2020, the Group's recorded revenue was mainly generated from projects in Hubei Province, followed by Jiangsu Province and Shanghai which represented approximately 49.5%, 14.3% and 7.8% 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 98.6% of the Group's total revenue (for the six months ended 30 June 2020: approximately 77.2%), while the revenue generated from the pure property planning and consultancy business segment accounted for approximately 1.4% of the Group's total revenue (for the six months ended 30 June 2020: approximately 22.8%).

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 six months ended 30 June 2021, the Group had managed 12 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2020: 9 projects) in the PRC and Cambodia. The total gross floor area of the underlying properties sold by the Group acting as the agent was approximately 83,000 square meters (for the six months ended 30 June 2020: 42,000 square meters) in the PRC and Cambodia.

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects was approximately RMB24.4 million (for the six months ended 30 June 2020: approximately RMB5.57 million), representing an increase by approximately 338% as compared with the corresponding period in 2020, despite revenue recorded from the PRC market during the period under review increasing by 346.8% from approximately RMB5.5 million during the six months ended 30 June 2020 to approximately RMB24.4 million during the six months ended 30 June 2021. The increase in revenue from comprehensive property consultancy and sales agency service projects was mainly due to the increase in demand for residential properties as a result of the continuous recovery of economy in the PRC during the period under review. 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 2021.

As at 30 June 2021, the Group had 12 comprehensive property consultancy and sales agency service projects on hand (30 June 2020: 9 projects) with a total unsold gross floor area of approximately 922,000 square meters (30 June 2020: approximately 601,000 square meters). As at 30 June 2021, among the 12 projects, sale of the underlying properties of 1 project had not commenced.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the period under review, the Group has continued to develop its pure property planning and consultancy business in the PRC. For the six months ended 30 June 2021, the Group provided pure property planning and consultancy services for 3 property development projects (the six months ended 30 June 2020: 7 project), which generated an aggregate revenue of approximately RMB331,000, representing approximately 1.4% of the unaudited total revenue of the Group (the six months ended 30 June 2020: revenue of approximately RMB1,646,000 or approximately 22.8%).

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 2021, the regulation and control policies of the real estate industry in the PRC will continue to be tight, and it is expected that the supply of land in the market and transaction volume will remain stable throughout the year, and that the policies relating to transaction scale and average price of the commercial houses market will be aimed at maintaining "stability". In the long run, the direction of industry development will become clearer under the long-term principle of "houses are for living, not for speculating" and the marginal tightening of the overall policy environment. Under the new norm, the overall strategy of property developers shall focus on prudent operation, risk prevention and adaptation to market changes. In addition, property developers shall formulate more targeted sales strategies to address the differentiated patterns of different cities, actively supply properties and promote property sales, deepen sales channels, speed up turnover efficiency and accelerate cash collection. As a professional modern property consultancy and sales agency service provider, the Group has an elite sales team with years of practical experience, customer big data accumulation, and professional and characteristic services to capture market opportunities and maintain the competitiveness of the Group. Under the new norm, the Group will also capture more opportunities to provide pure property planning and consultancy services including market research and sales and promotion plans to the property developers. At the same time, the Group is also negotiating with its existing customers for pure property planning and consultancy services to provide comprehensive property and sales agency services to their new property development projects. It is expected that the Group will be able to secure new comprehensive property consultancy and sales agency service projects in the coming future.

Nevertheless, the recent outbreak of the new Delta variant of COVID-19 in the PRC might hinder economic recovery because of the implementation of lock-down measures in some cities. The Group is closely monitoring the economic and market conditions in the PRC and will continuously assess the impact to the Group's operations.

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. The Group will strive to 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.

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 2021 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 2021, the Group had unaudited net current assets of approximately RMB28.4 million (31 December 2020: approximately RMB28.2 million), unaudited total assets of approximately RMB47.4 million (31 December 2020: approximately RMB48.1 million) and unaudited shareholders' funds of approximately RMB37.5 million (31 December 2020: approximately RMB37.3 million). The current ratio (calculated by dividing total current assets with total current liabilities) increased from 5.90 as at 31 December 2020 to 6.76 as at 30 June 2021.

As at 30 June 2021, the unaudited bank deposits and bank and cash balances of the Group amounted to approximately RMB14.3 million (31 December 2020: approximately RMB16.3 million).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2021, the Group did not have any short term borrowing (31 December 2020: Nil) and had long term borrowing of RMB5 million (31 December 2020: RMB5 million) which will mature in November 2025.

The Group had no bank borrowings or overdrafts as at 30 June 2021 (31 December 2020: Nil).

As at 30 June 2021, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 13.3% (31 December 2020: 13.4%).

As at 30 June 2021, the Group had no charge on assets.

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 announcement.

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 2021. As at the date of this announcement, 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 2021 (31 December 2020: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2021 (31 December 2020: Nil).

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 untilised 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 2021, approximately HK$7.3 million, representing approximately 21.9% of the total net proceeds from the Rights Issue, remained unutilised.

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

Use of Unutilised Proceeds after Reallocation	**Amounts utilised during the period under review** *(HK$' million, approximately)*	**Amount unutilised as at 30 June 2021** *(HK$' 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	Nil	6.0	By the end of 2021
Renovation of an investment property of the Group for future rental purpose	0.2	0.6	By the end of 2021
Payment of agency fee for the rental of investment property held by the Group	Nil	0.2	By the end of 2022
Payment of other operating expenses in relation to the rental of investment property held by the Group	0.5	0.5	By the end of 2022
General replenishment of working capital and other general corporate purpose	0.6	Nil *(Note)*	By the end of 2021
	1.3	7.3	

Note: As at 30 June 2021, the entire portion reallocated to the general replenishment of working capital and other general corporate purpose had been fully utilised.

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

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2021, the Group had a total of 123 staff (31 December 2020: 130 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, 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.

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 2021.

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 announcement, 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 Appendix 14 to the Listing Rules. Save for the deviation from code provision A.2.1 of the CG Code as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2021.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. 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 2021.

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 of the Group for the six months ended 30 June 2021 including the accounting, internal control and financial reporting issues.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 were approved by the Board on 30 August 2021.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement is published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk). The 2021 interim report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 30 August 2021

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