Fortune Sun (China) Holdings Limited
富陽（中國）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00352)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Fortune Sun (China) Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**") together with the comparative figures for 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	4	**8,966**	11,925
Cost of sales		**(9,217)**	(11,621)
Gross (loss) profit		**(251)**	304
Investment income and other gains and (losses), net	5	**1,833**	559
Operating and administrative expenses		**(10,602)**	(15,052)
Finance cost	6	**(105)**	(70)
Loss before tax		**(9,125)**	(14,259)
Income tax expense	8	**–**	–
Loss for the year attributable to owners of the Company	9	**(9,125)**	(14,259)
		RMB cents	*RMB cents*
Loss per share	11		
– Basic		**(3.79)**	(5.79)
– Diluted		**(3.79)**	(5.79)

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(9,125)**	(14,259)
Other comprehensive (expense) income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(29)**	391
Other comprehensive (expense) income for the year, net of tax	**(29)**	391
Total comprehensive expense for the year attributable to owners of the Company	**(9,154)**	(13,868)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**597**	706
Right-of-use assets		**2,250**	2,793
Investment properties	12	**10,354**	11,350
		13,201	14,849
Current assets			
Trade receivables	13	**2,060**	8,558
Trade deposits	14	**–**	300
Prepayments and other deposits		**843**	787
Other receivables		**368**	975
Financial assets at fair value through profit or loss		**3,126**	4,508
Bank and cash balances		**6,384**	6,731
		12,781	21,859
Current liabilities			
Accruals and other payables		**4,289**	5,471
Lease liabilities		**459**	490
		4,748	5,961
Net current assets		**8,033**	15,898
Total assets less current liabilities		**21,234**	30,747
Non-current liabilities			
Lease liabilities		**1,897**	2,356
Loan from a related company	15	**8,100**	8,000
		9,997	10,356
Net assets		**11,237**	20,391

	2023	2022
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**24,394**	24,394
Reserves	**(13,157)**	(4,003)
Total equity attributable to owners of the Company	**11,237**	20,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Fortune Sun (China) Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 28 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 3rd Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The address of its principal place of business in Hong Kong is 16th Floor, Tower 5, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Hong Kong and its head office is located at Unit 901, 9th Floor, Orient Building, No. 1500 Century Avenue, Pudong New District, Shanghai, the People's Republic of China (the "**PRC**"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 5 July 2006.

The Company is an investment holding company. The Group is principally engaged in providing property consultancy and sales agency services for the property markets in the PRC and Southeast Asia.

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

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. These consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amendments to HKFRSs that became effective on 1 January 2023

The HKICPA has issued the following new and amendments to HKFRSs that became first effective for the current accounting period of the Group:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as disclosed below, none of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA")

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**the Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("**MPF**") to offset severance payment ("**SP**") and long service payments ("**LSP**") ("**the Abolition**"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("**the Transition Date**"). The following key changes will take effect since the Transition Date:

– Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

– The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("**the Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of Hong Kong Accounting Standard 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is insignificant. Application of the guidance had no material effect on the consolidated financial statements of the Group.

(b) Amendments to HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs have been issued but are not yet effective and have not been early applied by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of all these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

An analysis of the Group's revenue for the year and disaggregation of revenue from contracts with customers is as follows:

	2023	2022
	RMB'000	*RMB'000*
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets:		
PRC	**7,671**	10,513
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets:		
PRC	**1,295**	1,412
	8,966	11,925

5. INVESTMENT INCOME AND OTHER GAINS AND (LOSSES), NET

	2023 *RMB'000*	2022 *RMB'000*
Interest income on bank deposits	**56**	12
Gain (loss) on disposal of property, plant and equipment	**129**	(2)
Gain on disposal of investment properties	**1,864**	447
Net exchange (loss) gain	**(8)**	115
Allowance for expected credit loss ("**ECL**") on trade receivables, net	**(1,462)**	(1,108)
Fair value gain on financial assets at fair value through profit or loss	**36**	15
Realised gain on disposal of financial assets at fair value through profit or loss	**10**	–
Government grants *(Note a)*	**93**	178
Recovery of judgement sum *(Note b)*	**693**	587
Sundry income	**19**	35
	1,430	279
Gross rental income from investment properties	**403**	280
Less: Direct operating expenses from investment properties that generated and did not generate rental income	**–**	–
	403	280
	1,833	559

Notes:

(a) During the current year, the Group recognised government grants of RMBNil (2022: RMB20,000 (equivalent to HK$24,000)) and RMB93,000 (2022: RMB158,000) related to Employment Support Scheme provided by the Hong Kong Government and support fund provided by PRC Government respectively.

(b) During the year ended 31 December 2022 and 2023, the Group had recovered judgement sum as result of the court judgement against vendors, former customers of the Group.

6. FINANCE COST

	2023 *RMB'000*	2022 *RMB'000*
Interest on lease liabilities	**105**	70

7. SEGMENT INFORMATION

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

The Group operates a single business segment which is the provision of agency services for the sale of properties and property consultancy services, with the majority of the business conducted in the PRC, and the assets, including investment properties, are substantially located in the PRC. An insignificant portion of the assets is located in another country. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Revenue from major customers

Revenue from customers of the corresponding years who contributed over 10% of total revenue of the Group are as follows:

	2023 RMB'000	2022 RMB'000
Customer A	**6,279**	–
Customer B	**950**	4,681
Customer C	**N/A** (i)	3,627
Customer D	**N/A** (i)	1,638

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

Saved as disclosed above, no other single customer contributed 10% or more to the Group's revenue.

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is made since the Company had no assessable profit for both years.

No PRC Enterprise Income Tax has been made in the current year as the relevant group entities had no assessable profits for both years. The applicable PRC Enterprise Income Tax is 25% (2022: 25%).

No provision for tax on profit is required for the subsidiary in Cambodia as the subsidiary had no assessable profits for both years. The applicable tax rate in Cambodia is 20% (2022: 20%).

9. LOSS FOR THE YEAR

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

	2023 RMB'000	2022 RMB'000
Auditor's remuneration	**380**	380
Depreciation of property, plant and equipment	**90**	159
Depreciation of investment properties	**543**	311
Depreciation of right-of-use assets	**272**	237
(Gain) loss on disposal of property, plant and equipment	**(129)**	3
Net exchange loss (gain)	**8**	(115)
Allowance for ECL on trade receivables, net	**1,462**	1,108
Gross rental income from investment properties less direct outgoings RMBNil (2022: RMBNil)	**(403)**	(280)

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB9,125,000 (2022: loss of RMB14,259,000) and the number of ordinary shares of 246,183,390 (2022: 246,183,390) in issue during the year.

(b) Diluted loss per share

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share. Therefore, diluted loss per share is the same as the basic loss per share for the years ended 31 December 2023 and 2022.

12. INVESTMENT PROPERTIES

Investment properties with carrying value of RMB725,000 (2022: RMB1,003,000) were disposed of during the year ended 31 December 2023, resulting in a gain on disposal of RMB1,864,000 (2022: RMB447,000).

13. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**6,653**	11,671
Less: Allowance for expected credit loss	**(4,593)**	(3,113)
	2,060	8,558

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

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

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**561**	3,395
91 to 180 days	**220**	993
181 to 365 days	**697**	1,200
1 to 2 years	**451**	2,950
Over 2 years	**131**	20
	2,060	8,558

Reconciliation of allowance for expected credit loss:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**3,113**	1,983
Allowance for expected credit loss for the year	**1,462**	1,108
Exchange	**18**	22
At 31 December	**4,593**	3,113

At the end of the reporting period, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Allowance for expected credit loss recognised for 2023 and 2022 on trade receivables from customers which are experiencing financial difficulties and are in default or delinquency of payments are reviewed and impaired on an individual basis.

All the Group's trade receivables are denominated in RMB.

As at 31 December 2023, trade receivables of approximately RMB1,499,000 (2022: RMB5,163,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2023	2022
	RMB'000	*RMB'000*
Past due but not impaired:		
Within 3 months	**220**	993
3 to 9 months	**697**	1,200
9 to 21 months	**451**	2,950
More than 21 months	**131**	20
	1,499	5,163

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

14. TRADE DEPOSITS

	2023	2022
	RMB'000	*RMB'000*
Trade deposits	**–**	300
Less: Allowance for ECL	**–**	–
	–	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.

15. LOAN FROM A RELATED COMPANY

The loan is unsecured, non-interest bearing and will mature on 31 December 2026.

BUSINESS REVIEW

During the year ended 31 December 2023 (the "**Year**"), the operation of the Group continued to face challenges as China's real estate market recovery did not meet expectations and was still in the process of adjustment. The sales market performed poorly throughout the Year, financing channels were blocked, debt pressure persisted, and policy environment remained uncertain, all of which did not turn around the sentiment of home buyers and the market confidence of enterprises. Real estate development investment was RMB11.0913 trillion, down by 9.6% from the previous year. The floor area under construction by real estate development enterprises was 838.364 million square meters, a decrease of 7.2%. The national commercial housing sales area was 1.11735 billion square meters, down by 8.5%; and the sales amount was RMB11.6622 trillion, down by 6.5%.

The national industrial output above designated size increased by 4.6% compared to the previous year. In December 2023, the year-on-year growth rate of industrial output was 4.0%, down by 0.4 percentage points from November 2023, indicating that industrial production recovery is still weak. The year-on-year growth of fixed asset investment increased slightly, but the month-on-month growth rate fell, signifying that investment momentum remains weak. Structurally, it showed an "infrastructure leading the recovery, manufacturing supporting growth, and real estate dragging down" pattern. The total retail sales of consumer goods amounted to RMB4.71495 trillion, up 7.2% from the previous year, with overall consumption recovery remaining weak, characterised by "restaurant income support, real estate consumption dragging down."

From a policy perspective, the central policy continued a generally loose tone, with "boosting confidence, guarding against risks, and promoting transformation" as the mainline. The policy intensity showed a "steady first, loose later" characteristic, with the Central Political Bureau meeting on 24 July 2023 as a turning point. Local policies continued to loosen throughout the Year, with the intensity of easing higher than that in the previous year, with key first- and second-tier cities becoming a critical force in boosting the market.

Fundamentally, sales indicators such as commercial housing sales area and sales amount continued to decline, with the sales amount hitting a new low for the same period in nearly seven years. The growth rate of development investment continued to weaken, with "ensuring building completions" driving strong completions. Development investment has been in negative growth since April 2022 and has maintained for 19 months; since February 2023, the cumulative decline in development investment has expanded for 9 consecutive months, indicating weak investment confidence among housing enterprises. Against the backdrop of a cooling market environment, the scale of land transactions has significantly decreased compared to 2022. As of 20 December 2023, the land transaction area and transaction amount in 300 cities across the country decreased by 21% and 18% year-on-year, respectively, with the transaction area reaching a new low in nearly ten years.

Performance of Cities which the Group operated: Nantong, Yancheng, and Huzhou

City Performance Overview

All cities displayed a "high start, low finish" trend with a generally sluggish performance throughout the Year.

Nantong's Real Estate Market

In 2023, the total area of commodity housing sold in Nantong decreased by 5.2% year-on-year, with the rate of decline narrowing by 2 percentage points compared to January-November. Specifically, the area of commodity residential housing sold saw a year-on-year decrease of 15.8%, with the rate of decline increasing by 0.9 percentage points from January-November. The total sales revenue for commodity housing dropped by 10.9% year-on-year, but the rate of decline narrowed by 1.5 percentage points compared to January-November. For commodity residential housing, sales revenue decreased by 15.1% year-on-year, with the rate of decline widening by 0.3 percentage points from January-November.

Yancheng's New Housing Market

According to data from GO Housing Network, Yancheng saw 6,646 new homes transacted in 2023, with a transaction area of about 950,000 square meters. Ordinary residential transactions accounted for 5,143 units, with a transaction area of 706,000 square meters. After the Spring Festival, the market experienced a "mini-recovery" as purchasing power was released. However, the arrival of the traditional off-season in July and August led to a reduction in overall transaction volume. In October, the release of multiple favorable policies created a healthy and positive environment for property purchases, improving business conditions for real estate companies and injecting confidence into the market. This led to a recovery in transaction volumes, but levels did not return to those seen at the beginning of the Year.

Real Estate Investment in Huzhou

During 2023, the total real estate investment in Huzhou amounted to RMB60.55 billion, a decrease of 14%. Residential investment totaled RMB45.84 billion, down by 17.4%. The total area of commodity housing sold in the city was about 3.7697 million square meters, a year-on-year decline of approximately 33.7%; specifically, the area of commodity residential housing sold was about 3.086 million square meters, with a year-on-year decrease of around 35%.

In terms of overseas business development, the COVID-19 pandemic (the "**Pandemic**") in Cambodia has had serious impact on the local economy, coupled with the fact that many foreigners and local residents have not returned to Cambodia for work to stay away from the Pandemic, and export orders have dropped significantly, which had a severe impact on the local real estate market in Cambodia during the Year.

During the Year, the Group recorded revenue of approximately RMB9.0 million (2022: RMB11.9 million), representing a substantial decrease by approximately 24.8% as compared to the revenue recorded for the preceding year. Such decrease was mainly due to the decrease in revenue generated from comprehensive property consultancy and sales agency business of the Group by approximately RMB2.8 million, representing a decrease by approximately 26.7%, during the Year as compared with 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 business segment of the Group decreased during the Year by approximately RMB0.1 million as compared with the preceding year for reasons further explained in the paragraph headed "Pure property planning and consultancy business" below.

The Group recorded gross loss of approximately RMB0.3 million for the Year as compared with the gross profit of approximately RMB0.3 million in the preceding year. The gross profit margin was nil for the Year as compared to the gross profit margin of 2.5% in the preceding year due to the gross loss incurred as the marketing and promotion expenses of the Group remained more or less the same throughout the Year as a result of the Group's efforts to boost the sales level. The overall operating and administrative expenses decreased by approximately 29.8% as compared to the preceding year mainly due to the tighten cost control policy adopted. Allowance for expected credit loss on trade receivable of approximately RMB1.5 million (2022: RMB1.1 million) was made for the Year due to the slow down of recovery from our property developer clients and more provision is needed to be made. Thus, the loss for the Year attributable to owners of the Company was amounted to approximately RMB9.1 million (2022: the loss of approximately RMB14.3 million recorded).

Regarding the Group's operations during the Year geographically, most of the Group's recorded revenue was generated from projects in Jiangsu Province, followed by Zhejiang Province and Shanghai City, which represented approximately 79.7%, 15.5% and 3.9% of the Group's total revenue for the Year, respectively. On a comparative basis, for the year ended 31 December 2022, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Hubei Province and Shanghai City. Regarding business and products segments, during the Year, the revenue generated from the comprehensive property consultancy and sales agency service business remained a major source of income for the Group and accounted for approximately 85.6% of the total revenue (2022: approximately 88.2%), while the revenue generated from the pure property planning and consultancy business accounted for approximately 14.4% of the total revenue (2022: approximately 11.8%).

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

During the Year, the provision of comprehensive property consultancy and sales agency services for the primary property market in the People's Republic of China (the "**PRC**") was the core business of the Group. In 2023, most of the revenue of the Group was generated from 4 comprehensive property consultancy and sales agency service projects (2022: 7 projects) with approximately 12,771 square meters (2022: approximately 21,573 square meters) of total saleable gross floor areas of the underlying projects. The reported revenue from these comprehensive property consultancy and sales agency service projects for the Year was approximately RMB7,671,000 representing approximately 85.6% of the total revenue of the Group for the Year (2022: approximately RMB10,513,000, representing approximately 88.2% of the total revenue).

The substantial decrease in revenue generated by the Group from the comprehensive property consultancy and sales agency business by approximately 26.7% during the Year as compared with the preceding year was mainly resulted from the decline in demand from the primary property markets in the PRC as a result of the due to the overall sluggish PRC economy in 2023.

As at 31 December 2023, the Group had 4 comprehensive property consultancy and sales agency service projects on hand with total unsold gross floor areas of approximately 25,000 square meters (2022: approximately 84,000 square meters), and the sales for all projects had already commenced as at 31 December 2023.

The outbreak of the Pandemic has created great uncertainties for the real estate market in the Cambodia, as with the other Southeast Asia countries. The Group's performance in Cambodia during the Year has been significantly affected by the Pandemic, where the revenue recorded from the provision comprehensive property consultancy and sales agency services in Cambodia for the Year was Nil (2022: Nil). This was mainly due to the significant decrease in demand for residential property in Cambodia during the Year, as many of the foreigners and local residents have not returned to Cambodia for work to stay away from the Pandemic outbreak, and the decrease in export orders have caused reduction in foreign investment and the closing down of foreign companies in Cambodia. The Group is evaluating its business plan in Cambodia from time to time as the impact of the Pandemic evolves in Cambodia.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the Year, the Group has provided services for a total of 4 pure property planning and consultancy service projects (2022: 3 projects). The revenue generated from this business segment for the Year decreased by approximately 7.1%, or approximately RMB117,000 to RMB1,295,000, representing 14.4% of the total revenue of the Group for the Year (2022: approximately RMB1,412,000, representing 11.8% of the total revenue).

The decrease in revenue from the Group's pure property planning and consultancy business was mainly due to the demand decline for market consultancy services from the property developers in the PRC mainly resulting from the stagnant PRC real estate market.

PROSPECTS AND OUTLOOKS

Looking ahead to 2024, the domestic economic development environment remains complex, and economic resilience should not be overestimated. It is expected that, with the support of "fiscal leadership and precise monetary cooperation," China's economy will show a "return of endogenous dynamics and persistent external constraints" in the recovery pattern. The momentum is expected to gradually switch from policy support to weak recovery in the endogenous cycle, with GDP expected to grow by about 4.8% for 2024, with a stable trend each quarter.

Constraints on economic development include the difficulties of transitioning from old to new dynamics under the demand for high-quality development; the impact of the Pandemic on the household balance sheet, facing the marginal impact of slowing employment and income improvement, requiring a boost in expectations and confidence; the problem of excess capacity, with the "demand-investment" cycle still needing to be smooth; and limited price improvement over the past year with high real interest rates. On the positive side, the overall policy tone is proactive; and there was marginal improvement in employment, income, and corporate expectations brought by the economic recovery in 2023, along with relatively low levels of inventory and price levels.

As for the Group's future development in Cambodia, the outbreak of the Pandemic has created great uncertainties for the real estate market in the Cambodia, as with the other Southeast Asia countries. The Group's performance in Cambodia during the Year has been significantly affected by the Pandemic. The Group is therefore still in the course of evaluating its business plan in Cambodia. However, the Group will continue to grasp opportunities to expand its growth in the Southeast Asia market as and if market opportunities arise and will continue to look for opportunities through pitching and bidding for projects.

The management of the Group will endeavour to incentivise their employees to proactively identify new projects and new customers for new business opportunities, while taking a prudent and optimistic approach in the prospective expansion the property consultancy and sales agency services and asset management businesses in the first and second-tier cities, so as to increase the number of projects. At the same time, the Group will strive to cut operating expenses by means of strengthening budget management and cost control, so as to pursue a long-term development for the Group and preservation of value to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had net current assets of approximately RMB8,033,000 (2022: RMB15,898,000), total assets of approximately RMB25,982,000 (2022: RMB36,708,000) and equity attributable to owners of the Company of approximately RMB11,237,000 (2022: RMB20,391,000).

As at 31 December 2023, bank and cash balances of the Group amounted to approximately RMB6,384,000 (2022: RMB6,731,000), of which were approximately RMB4,999,000 were denominated in Renminbi, RMB293,000 were denominated in US dollars and RMB1,092,000 were denominated in Hong Kong dollars.

BANK BORROWINGS AND OVERDRAFTS

The Group had no bank borrowings or overdrafts as at 31 December 2023 (2022: Nil).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 31 December 2023, the Group did not have any short term borrowing (2022: Nil) and had long term borrowing of RMB8,100,000 (2022: RMB8,000,000) which will mature on 31 December 2026.

As at 31 December 2023, the Group had total borrowing of RMB8,100,000, which was unsecured. The gearing ratio of the Group (calculated on the basis of total bank and other borrowings over total equity) was 72.1% (2022: 39.2%).

As at 31 December 2023, there was no charge over any assets of the Group.

FOREIGN EXCHANGE RISKS

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

MAJOR INVESTMENTS

As at the date of this announcement, the Group has no future plans for material investments or capital assets.

INTEREST RATE RISKS

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances and other borrowings with floating interest rate, as the Group had no bank borrowings as at 31 December 2023 (2022: Nil).

STAFF AND THE GROUP'S EMOLUMENT POLICY

As at 31 December 2023, the Group had a total of 50 staff (2022: 80 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB5,184,000 (2022: RMB6,520,000) during the year ended 31 December 2023.

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023 (2022: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

To ascertain Shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on 21 June 2024, the register of members of the Company will be closed from Monday, 17 June 2024 to Friday, 21 June 2024 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming annual general meeting of the Company (the "**2024 AGM**"), all share transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company's branch share registrar and transfer office in Hong Kong, for registration no later than 4:30 p.m. on Friday, 14 June 2024.

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 year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

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

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules. Save for the deviation from code provision C.2.1 of the CG Code in force during the year ended 31 December 2023 as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2023.

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the year ended 31 December 2023.

IMPORTANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The Directors are not aware of any important events affecting the Group that have occurred since the end of the year ended 31 December 2023 and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

Pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") of the Board with written terms of reference and comprising all three independent non-executive Directors.

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

During the Year, the Audit Committee met with the external auditor to review and approve the audit plans and also reviewed the Group's annual results of 2022 and interim results of 2023 and the audit findings with the attendance of the external auditor and executive Directors. The Audit Committee had reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2023. The Audit Committee convened three meetings during the year ended 31 December 2023.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of this announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's independent auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements and the related notes thereto for the year ended 31 December 2023. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently, no assurance has been expressed by Confucius International CPA Limited on this preliminary announcement.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk). The 2023 Annual Report will be dispatched to the shareholders of the Company and will be made available on the website of the Company and the Stock Exchange in due course.

2024 ANNUAL GENERAL MEETING

It is proposed that the 2024 Annual General Meeting (the "**2024 AGM**") will be held on Friday, 21 June 2024. A notice convening the 2024 AGM will be published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk) and will be dispatched to the shareholders of the Company accordingly.

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

Hong Kong, 28 March 2024

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, Mr. Lam Chun Choi and Mr. Chow Yiu Ming.