



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

Interim Report

2024 FORTUNE SUN



2024
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

3rd 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

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
3rd 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 2024 (the “period under review” or the “period”) together with the comparative figures for 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	1,146	7,853
Cost of services rendered		(1,384)	(6,550)
Gross (loss)/profit		(238)	1,303
Investment income and other gains and losses		968	598
Operating and administrative expenses		(4,666)	(5,640)
Finance cost		(43)	(51)
Loss before tax		(3,979)	(3,790)
Income tax expense	5	–	–
Loss for the period attributable to the owners of the Company	6	(3,979)	(3,790)
		RMB cents	RMB cents
Loss per share	8		
Basic		(1.61)	(1.54)
Diluted		(1.61)	(1.54)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(3,979)	(3,790)
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	271	57
Other comprehensive income for the period, net of tax	271	57
Total comprehensive expense for the period attributable to the owners of the Company	(3,708)	(3,733)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	420	597
Right-of-use assets		1,977	2,250
Investment properties	10	9,993	10,354
		12,390	13,201
Current assets			
Trade receivables	11	1,672	2,060
Prepayments and other deposits		853	843
Other receivables		138	368
Financial assets at fair value through profit or loss		1,068	3,126
Bank and cash balances		4,784	6,384
		8,515	12,781
Current liabilities			
Accruals and other payables		4,155	4,289
Lease liabilities		459	459
		4,614	4,748
Net current assets			
		3,901	8,033
Total assets less current liabilities			
		16,291	21,234
Non-current liability			
Lease liabilities		1,662	1,897
Loan from a related company	13(b)	7,100	8,100
		8,762	9,997
NET ASSETS			
		7,529	11,237
Capital and reserves			
Share capital	12	24,394	24,394
Reserves		(16,865)	(13,157)
TOTAL EQUITY			
		7,529	11,237

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company							Total
	Share capital	Share premium	Merger reserve	Reserve fund	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	24,394	69,619	14,554	16,621	4,240	(1,909)	(107,128)	20,391
Total comprehensive income/ (expense) for the period	-	-	-	-	-	57	(3,790)	(3,733)
Changes in equity for the period	-	-	-	-	-	57	(3,790)	(3,733)
At 30 June 2023 (Unaudited)	24,394	69,619	14,554	16,621	4,240	(1,852)	(110,918)	16,658
At 1 January 2024 (Audited)	24,394	69,619	14,554	16,621	4,240	(1,938)	(116,253)	11,237
Total comprehensive income/ (expense) for the period	-	-	-	-	-	271	(3,979)	(3,708)
Changes in equity for the period	-	-	-	-	-	271	(3,979)	(3,708)
At 30 June 2024 (Unaudited)	24,394	69,619	14,554	16,621	4,240	(1,667)	(120,232)	7,529

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(650)	(1,787)
NET CASH GENERATED FROM INVESTING ACTIVITIES	63	212
NET CASH USED IN FINANCING ACTIVITIES	(1,284)	(142)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	271	57
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,600)	(1,660)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,384	6,731
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,784	5,071
REPRESENTED BY Bank and cash balances	4,784	5,071

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2023 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 2023.

2. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and 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 2024. 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 2024

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 2023, except for the adoption of amended HKFRSs effective for the annual periods beginning on or after 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 2024

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"), 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Comprehensive property consultancy and sales agency service projects, recognised at a point in time Primary geographical markets PRC	1,146	7,630
Pure property planning and consultancy service projects, recognised over time Primary geographical markets PRC	-	223
	1,146	7,853

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Trade receivables	1,672

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2023.

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 2024

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	160	160
Interest income	(63)	(109)
Depreciation of property, plant and equipment	177	22
Depreciation of right-of-use assets	273	220
Depreciation of investment properties	361	132
Gross rental income from investment properties less direct outgoing of RMB Nil (2023: RMB Nil)	(223)	(223)
Reversal of allowance for – Trade receivables	(400)	(537)

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period under review (six months ended 30 June 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB3,979,000 (six months ended 30 June 2023: RMB3,790,000) and the number of ordinary shares of 246,183,390 (six months ended 30 June 2023: 246,183,390) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the respective periods ended 30 June 2024 and 30 June 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Group acquired property, plant and equipment of approximately RMB Nil (six months ended 30 June 2023: RMB Nil) and disposed of property, plant and equipment with carrying amount of approximately RMB Nil (six months ended 30 June 2023: RMB202,000).

10. INVESTMENT PROPERTIES

All investment properties are located in the PRC. During the period under review, the Group had no additions (six months ended 30 June 2023: RMB Nil) and disposed of investment properties with carrying amount of approximately RMB365,000 (six months ended 30 June 2023: 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 2024. The Board intends to hold those properties to earn rentals and/or for capital appreciation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	5,865	6,653
Less: Allowance for credit loss	(4,193)	(4,593)
	1,672	2,060

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.

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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 90 days	310	561
91 to 180 days	–	220
181 to 365 days	162	697
1 to 2 years	848	451
Over 2 years	352	131
	1,672	2,060

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value	
		HK\$'000	RMB'000
Authorised:			
Ordinary shares of HK\$0.1 each			
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
At 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	246,183	24,618	24,394

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Compensation of key management personnel of the Group		
Fees	230	258
Basic salaries and other allowances	549	372
Retirement benefits scheme contributions	30	30
Total compensation paid to key management personnel	809	660
(ii) Rental payment to a related company owned by a director of the Company		
	241	242

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. RELATED PARTY TRANSACTIONS (Continued)

(b) Balance with related parties

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Loan from a related company owned by a director of the Company	7,100	8,100

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

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024 (Unaudited) (31 December 2023: Nil (Audited)).

BUSINESS REVIEW

Since the beginning of 2024, the national new housing market has been stuck in a prolonged adjustment phase, with no signs of recovery in sight. The second-hand housing market has managed to maintain some level of transactions, but only by aggressively slashing prices to attract buyers. Despite these efforts, the overall real estate market remains under tremendous downward pressure. The meeting of the Communist Party of China Central Committee Political Bureau on 30 April 2024 attempted to address the situation by proposing general directives to “coordinate policies to reduce existing housing inventory and optimize new housing supply”, but these measures have offered little relief. The “comprehensive package” of new real estate policies introduced on 17 May 2024, aimed at stabilizing the market and reducing inventory, has had negligible impact. Even a follow-up meeting by the State Council on 7 June 2024, which urged broadening approaches while cautiously advancing efforts to digest and revitalize existing properties and land, has failed to inspire any real confidence in the market. Although some core cities have seen a slight uptick in second-hand housing transactions, the new housing market remains stubbornly stagnant, and it is clear that any potential effects of these policies will take some time to materialize.

From a macroeconomic perspective, the situation is bleak. Real estate investment continues to fall, with a 10.1% year-on-year decline from January to June 2024, a sharper drop of 4.7 and 2.2 percentage points compared to the same periods in 2022 and 2023, respectively. The real estate market is saturated with unsold inventory, with the area of unsold commercial housing soaring by 15.2% year-on-year during the first half of 2024, reaching unprecedented levels. With no improvement in sales or financing, developers are increasingly reluctant to break ground on new projects, leading to a 23.7% year-on-year decrease in the area of newly-started housing projects from January to June 2024. This decline is even steeper than the already poor performance in the corresponding period of last year. The sales of new commercial housing have been dismal, with sales area plummeting by 19.0% year-on-year to just 47.916 million square meters. Residential sales have fared even worse, with a massive 21.9% drop. The financial picture is equally grim, with new commercial housing sales revenue dropping by 25.0% to RMB4.7133 trillion, and residential sales revenue falling by an alarming 26.9%. The inventory overhang is worsening, with the area of unsold commercial housing up by 15.2% year-on-year as of the end of June 2024, while the area of unsold residential properties have surged by a staggering 23.5%, leaving the market grossly oversupplied.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

City-specific data only reinforces the pessimism. Across the board, cities are resorting to desperate “price-for-volume” tactics, but the overall market remains in the doldrums.

In Nantong, new housing sales in the first half of 2024 were a mere 872,100 square meters, marking a 18.59% year-on-year decline. The transaction volume has remained depressingly low, and even significant price cuts have not been enough to stimulate demand. By the end of June 2024, the city was burdened with a staggering 26.05 million square meters of unsold inventory, with a destocking cycle that now stretches to an almost unmanageable 171 months, highlighting the severe and persistent inventory pressure.

In Yancheng, the situation is equally dire. According to data from GO Fang Network, only 256,700 square meters of new housing were sold in the first half of 2024, a clear sign that the market remains in a deep freeze. Transaction volumes continue to remain at rock-bottom levels. As of the end of June 2024, the city’s narrow inventory stood at 2.8 million square meters, with a destocking cycle of 72 months, while the broad inventory was an overwhelming 13.81 million square meters, translating to a 354-month destocking cycle. The municipal government’s attempts to stimulate the housing market have been almost completely ineffective, with buyer confidence at an all-time low and no signs of a market rebound on the horizon.

Huzhou’s data paints a similarly grim picture. According to the Huzhou Statistics Bureau, real estate investment in the city fell by 17.9% year-on-year in the first half of 2024, with residential investment down by 20.9%. The total sales area of commercial housing in Huzhou during the period was only 1.876 million square meters, representing a sharp 23.6% decline. The residential housing market performed no better, with a 21.9% drop in sales area. Even in the urban areas, the sales area of commercial housing fell by 19.9%, reflecting the widespread lack of demand. The market is now suffocating under the weight of excessive inventory, and it seems likely to remain in a lengthy and painful destocking phase for the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

During the period under review, the Group recorded revenue of approximately RMB1.1 million, representing a significant decrease of approximately 86.1% as compared with approximately RMB7.9 million recorded for the corresponding period of last year. Such decrease was mainly due to the decrease in revenue generated from the comprehensive property consultancy and sales agency service projects of the Group in the PRC by approximately RMB6.5 million to approximately RMB1.1 million for the period under review as compared with approximately RMB7.6 million recorded for the corresponding period in the preceding year for reasons further explained in the paragraph headed “comprehensive property consultancy and sales agency business” below. Revenue from the pure property planning and consultancy projects of the Group decreased to nil during the period under review from approximately RMB223,000 for 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 RMB0.24 million for the period under review as compared with gross profit of approximately RMB1.30 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 weak economy in the PRC since the second quarter of 2023. The overall operating and administrative expenses decreased by approximately 17.3% 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 RMB4.0 million for the period under review as compared with a net loss of approximately RMB3.8 million in the corresponding period in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Regarding the Group's operations during the period under review in a geographical sense, most of the Group's revenue recorded in the PRC was generated from projects in Jiangsu Province, followed by Zhejiang Province, which represented approximately 56.2% and 43.8% of the Group's total revenue, respectively. On a comparative basis, in the corresponding period of 2023, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, Zhejiang Province and Shanghai city which represented approximately 84.1%, 13.6% and 2.1% 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 100% of the Group's total revenue (for the six months ended 30 June 2023: approximately 97.2%), and no revenue was generated from the pure property planning and consultancy business segment (for the six months ended 30 June 2023: accounting for approximately 2.8% of the Group's total revenue).

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 3 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2023: 6 projects) in the PRC. The total gross floor area of the underlying properties sold by the Group acting as the agent during period under review was approximately 1,000 square meters (for the six months ended 30 June 2023: 11,000 square meters) in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS *(Continued)*

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects for the period under review was approximately RMB1.1 million (for the six months ended 30 June 2023: approximately RMB7.6 million), representing a decrease by approximately 86.1% as compared with the corresponding period in 2023. 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 weak economy in the PRC since the second quarter of 2023 as discussed above.

As at 30 June 2024, the Group had 3 comprehensive property consultancy and sales agency service projects on hand (30 June 2023: 3 projects) with a total unsold gross floor area of approximately 27,000 square meters (30 June 2023: approximately 40,000 square meters). As at 30 June 2024, all projects had commenced the sales.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

For the six months ended 30 June 2024, the Group had no ongoing projects in the pure property planning and consultancy business segment and therefore no revenue was recorded for such segment (the six months ended 30 June 2023: 2 projects and recording revenue of approximately RMB223,000, representing approximately 2.8% of the unaudited total revenue of the Group).

The lack of revenue from pure property planning and consultancy business was mainly due to the situation of the economy in the PRC during the period under review, resulting in reduced demand for the Group's market research and promotion planning services for the developers.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOKS

In the first half of 2024, the contribution of the three main drivers of economic growth – consumption, investment, and net exports – showed a clear shift, with external demand picking up and internal demand slowing down. During this period, consumption and investment contributed 60.5% and 25.6% to the PRC’s GDP growth, respectively. However, these figures were down by 17.5 and 8.8 percentage points, respectively, compared to the corresponding period of last year. In contrast, net exports contributed 13.9% to GDP growth, an increase of 26.3 percentage points from previous year. This highlights the strong external demand and relatively weaker internal demand.

The central government has supported the real economy through monetary policies like reducing reserve requirements and interest rates, along with optimizing structural policy tools. Additionally, local governments have been accelerating the development of new types of productivity, leading to a noticeable recovery in industrial production. However, the Chinese economy is still experiencing the growing pains of transitioning from old to new growth engines. On the one hand, recent policy measures have led to some positive signs of improvement in the real estate market, but overall, the market remains in a deep adjustment phase, though the economy’s reliance on the real estate sector has somewhat decreased. On the other hand, sectors that represent economic transformation and upgrading – such as high-end manufacturing, smart technologies, and green industries – are growing rapidly, partially offsetting the impact of the real estate downturn. For example, excluding the investment of real estate development, the growth rate of national fixed asset investment reached 8.5% in the first half of the year. Many of the current issues, such as insufficient demand, weak expectations, and unresolved risks in key areas, are closely tied to the sluggish real estate market. These challenges are an inevitable part of the economic restructuring process. In the long run, reducing the economy’s dependence on real estate will likely support a more balanced and sustainable growth. As China shifts to new growth drivers, we are seeing clear signs of structural changes: external demand is stronger than internal demand, supply is outpacing demand, and new growth engines are outperforming old ones.

PROSPECTS AND OUTLOOKS *(Continued)*

Looking ahead to the second half of the year, China's economy is expected to remain generally stable. Policies aimed at encouraging consumers to replace old products with new ones should continue to support steady growth in consumption. Increased fiscal spending will help accelerate infrastructure investment, and both market conditions and policy support are expected to drive faster growth in manufacturing investment. Exports are likely to remain stable, which should contribute to continued improvement in production. However, the economy will still face challenges in maintaining stability. With the conclusion of the Third Plenary Session and US president Biden's decision not to seek re-election, the domestic and international political landscapes are becoming clearer. As the pressure from the US dollar eases slightly, the US central bank has moved to cut interest rates, and China's growth-supporting policies are expected to continue. However, the geopolitical environment remains tense, and trade protectionism is still on the rise. Domestically, the economy is accelerating its move away from reliance on real estate, with short-term issues like insufficient demand and weak expectations mingling with the longer-term pains of structural transformation. The pressure to maintain stable growth and manage risks remains significant.

In the real estate market, looking ahead to the second half of the year, as policies from the Third Plenary Session on fiscal and tax reforms, real estate, and local government debt risk management are implemented more quickly, we can expect some marginal improvements in domestic demand, particularly in real estate and consumption. As these policies continue to take effect, the downward trend in the new housing market may begin to slow in the second half of 2024. However, since expectations for household income and housing prices have not improved significantly, the national real estate market will likely continue to face adjustment pressures, with the new housing market possibly remaining in a bottoming-out phase.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had unaudited net current assets of approximately RMB3.9 million (31 December 2023: approximately RMB8.0 million), unaudited total assets of approximately RMB20.9 million (31 December 2023: approximately RMB26.0 million) and unaudited shareholders' funds of approximately RMB7.5 million (31 December 2023: approximately RMB11.2 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 2.69 as at 31 December 2023 to 1.85 as at 30 June 2024.

As at 30 June 2024, the unaudited bank deposits and bank and cash balances of the Group are denominated in Renminbi and Hong Kong Dollars and amounted to approximately RMB4.8 million (31 December 2023: approximately RMB6.4 million).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2024, the Group did not have any short term borrowing (31 December 2023: Nil) and had long term borrowing of RMB7.1 million (31 December 2023: RMB8.1 million) which were denominated in Renminbi and will mature in 31 December 2026.

The Group had no bank borrowings or overdrafts as at 30 June 2024 (31 December 2023: Nil).

As at 30 June 2024, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 94.3% (31 December 2023: 72.1%).

As at 30 June 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

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

MATERIAL INVESTMENTS

The Group had no material investments as at 30 June 2024. As at the date of this 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 2024 (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2024 (31 December 2023: Nil).

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2024, the Group had a total of 36 staff (31 December 2023: 50 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB1.4 million (for the six months ended 30 June 2023: RMB2.7 million) during the six months ended 30 June 2024.

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 2024, 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%

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 2024.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 (Note 8)
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%

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 (Note 8)
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%
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, and such Shares are also disclosed as the interest of Mr. Chiang and his wife, Ms. Chang, in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above.
- 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, and such Shares are also disclosed as the interest of Ms. Lin in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above.

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

Notes: *(Continued)*

4. These Shares were registered in the name of Honorway Nominees, which was held as to 99% by Honorway Investments Limited, which was in turn held as to 39% each by Mr. Ho Hau Chong, Norman and his brother, Mr. Ho Hau Hay, Hamilton. Each of 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.
5. 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.
6. 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.
7. 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.
8. These percentages are calculated on the basis of 246,183,390 Shares of the Company in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, 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.

Details of the movements in the Company’s outstanding share options granted under the Share Option Scheme for the six months ended 30 June 2024 were as follows:

Category of participant	Number of shares in respect of share options				Outstanding as at 30 June 2024	Date of grant (Note)	Exercise period	Exercise price per Share	Closing price of the Shares on the trading day immediately before the date of grant	
	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled or lapsed during the period					HK\$	HK\$
Directors:										
Chiang Chen Feng	1,200,000	-	-	-	1,200,000	19/1/2017	19/1/2018 to 18/1/2027	1.130	1.08	
	1,200,000	-	-	-	1,200,000	19/1/2017	19/1/2019 to 18/1/2027	1.130	1.08	
	<u>2,400,000</u>	-	-	-	<u>2,400,000</u>					
Chang Hsiu Hua	900,000	-	-	-	900,000	19/1/2017	19/1/2018 to 18/1/2027	1.130	1.08	
	900,000	-	-	-	900,000	19/1/2017	19/1/2019 to 18/1/2027	1.130	1.08	
	<u>1,800,000</u>	-	-	-	<u>1,800,000</u>					

SHARE OPTION SCHEME (Continued)

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 2024	Granted during the period	Exercised during the period	Cancelled or lapsed during the period	Outstanding as at 30 June 2024				
Han Lin	750,000	-	-	-	750,000	19/1/2017	19/1/2018 to 18/1/2027	1.130	1.08
	750,000	-	-	-	750,000	19/1/2017	19/1/2019 to 18/1/2027	1.130	1.08
	1,500,000	-	-	-	1,500,000				
Lin Chien Ju	100,000	-	-	-	100,000	19/1/2017	19/1/2019 to 18/1/2027	1.130	1.08
	100,000	-	-	-	100,000				
Cui Shi Wei	100,000	-	-	-	100,000	19/1/2017	19/1/2018 to 18/1/2027	1.130	1.08
	100,000	-	-	-	100,000	19/1/2017	19/1/2019 to 18/1/2027	1.130	1.08
	200,000	-	-	-	200,000				
Employees:									
In aggregate	50,000	-	-	-	50,000	19/1/2017	19/1/2018 to 18/1/2027	1.130	1.08
	750,000	-	-	-	750,000	19/1/2017	19/1/2019 to 18/1/2027	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.

OTHER INFORMATION

SHARE OPTION SCHEME *(Continued)*

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 1 January 2024 and 30 June 2024, the number of share options available for grant under the Share Option Scheme was 16,223,339.

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.

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 2024.

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 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 C1 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 2024.

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 C3 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 2024.

OTHER INFORMATION

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors during the period under review and up to the date of this report are set out below:

Mr. Lam Chun Choi (independent non-executive Director)

Since 12 March 2024, Mr. Lam has been a Guangdong-Hong Kong-Macao Greater Bay Area Lawyer of China Commercial Law Firm. He also became a consultant at the Hong Kong law firm Tony Au & Co on 10 July 2024.

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 report of the Group for the six months ended 30 June 2024 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 2024.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 were approved by the Board on 30 August 2024.

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

Hong Kong, 30 August 2024