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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: 352)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	**2012** **RMB'000**	2011 RMB'000
Revenue	*4*	**30,908**	19,075
Business tax and other levies		**(890)**	(1,053)
Cost of services rendered		**(21,720)**	(31,297)
Gross profit/(loss)		**8,298**	(13,275)
Other income	*5*	**4,923**	296
Operating and administrative expenses		**(13,020)**	(16,142)
Profit/(loss) from operations		**201**	(29,121)
Finance cost – loan interest		**(1,017)**	(880)
Loss before tax		**(816)**	(30,001)
Income tax	*7*	**–**	1,837
Loss for the year attributable to owners of the Company	*8*	**(816)**	(28,164)
		RMB cents	*RMB cents*
Loss per share	*10*		
Basic		**(0.41)**	(14.05)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RMB'000	*RMB'000*
Loss for the year	**(816)**	(28,164)
Other comprehensive income:		
Exchange differences on translating foreign operations	**(8)**	(188)
Other comprehensive income for the year, net of tax	**(8)**	(188)
Total comprehensive income for the year attributable to owners of the Company	**(824)**	(28,352)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	11	**1,983**	2,499
Investment properties	12	**3,803**	3,897
Golf club membership		**291**	291
Available-for-sale financial assets	13	**1,500**	1,500
		7,577	8,187
Current assets			
Trade receivables	14	**15,536**	17,448
Trade deposits	15	**14,909**	17,995
Prepayments and other deposits		**668**	2,042
Other receivables	16	**20,497**	18,584
Bank and cash balances		**13,833**	13,204
		65,443	69,273
Current liabilities			
Accruals and other payables		**4,894**	8,510
Net current assets		**60,549**	60,763
Total assets less current liabilities		**68,126**	68,950
Non-current liabilities			
Other loan	17	**8,000**	8,000
Deferred tax liabilities		**4,247**	4,247
		12,247	12,247
NET ASSETS		**55,879**	56,703
Capital and reserves			
Share capital		**20,644**	20,644
Reserves		**35,235**	36,059
TOTAL EQUITY		**55,879**	56,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

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 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 principal activity of the Company is investment holding. The Group is principally engaged in providing property consultancy and sales agency services for the primary property market in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

These consolidated financial statements have been prepared under the historical cost convention.

These consolidated financial statements have been prepared on a going concern basis and the directors of the Company have assessed this with reference to the cash flow forecast for the next twelve months from 31 December 2012 based on the latest financial information of the Group, the latest market information and included but not limited to the following key underlying assumptions:

(i) there will be timely repayment schedules from the property developers on the trade deposits as well as the estimated agency income;

(ii) the shareholder's loan to an investee company will be repayable on or before end of 2013; and

(iii) the directors will adopt a series of cost control measures to reduce various cost of services.

Based on the above assessment, the directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group's revenue which represents income from provision of services is as follows:

	2012	2011
	RMB'000	*RMB'000*
Comprehensive property consultancy and sales agency service projects	**27,988**	15,381
Pure property planning and consultancy service projects	**2,920**	3,694
	30,908	19,075

5. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Interest income	**215**	227
Gain on disposals of property, plant and equipment	**33**	21
Reversal of allowance for trade receivables	**1,987**	–
Reversal of allowance for trade deposits	**1,706**	–
Reversal of written off for other receivables in previous year	**893**	–
Sundry income	**89**	48
	4,923	296

6. SEGMENT INFORMATION

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

The Group has carried on a single business in a single geographical location, which is the provision of agency services for the sale of properties and property consultancy services in the PRC, and all 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.

Revenue from major customers

	2012	2011
	RMB'000	*RMB'000*
Customer a	**8,133**	8,019
Customer b	**5,392**	–
Customer c	**4,079**	–
Customer d	**3,486**	–
Customer e	**–**	2,150
Customer f	**–**	1,906
Customer g	**–**	1,670

7. INCOME TAX CREDIT

	2012	2011
	RMB'000	*RMB'000*
Deferred tax	**–**	(1,837)
Income tax credit	**–**	(1,837)

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for both years. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. No PRC enterprise income tax has been made in the current year as the relevant group entities incurred a loss for both years or utilised the tax losses brought forward.

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

	2012	2011
	RMB'000	*RMB'000*
Loss before tax	**(816)**	(30,001)
Tax at the domestic income tax rate of 25% (2011: 24%)	**(204)**	(7,200)
Tax effect of income that is not taxable	**(1,039)**	(60)
Tax effect of expenses that are not deductible	**739**	1,393
Tax effect of tax losses not recognised	**1,268**	3,860
Tax effect of timing differences not recognised	**(732)**	–
Tax effect of utilisation of tax losses not previously recognised	**(32)**	–
Difference in deferred tax liabilities arising from the change of tax rate	**–**	170
Income tax credit	**–**	(1,837)

8. LOSS FOR THE YEAR

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

	2012	2011
	RMB'000	*RMB'000*
Auditor's remuneration	**447**	571
Depreciation of property, plant and equipment	**859**	932
Depreciation of investment properties	**94**	93
Exchange gain	**(56)**	(124)
Gain on disposals of property, plant and equipment	**(33)**	(21)
Written off of property, plant and equipment	**–**	28
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	**12,350**	8,789
– Retirement benefits scheme contributions	**2,011**	1,948
	14,361	10,737
Operating lease charges on land and buildings	**2,625**	2,595
(Reversal of allowance)/allowance for		
– Trade receivables (*)	**(1,987)**	1,520
– Trade deposits (*)	**(1,219)**	930
Reversal of written off for other receivables in previous year (*)	**(893)**	–

(*) Due to improvement of some project developers' ability to pay during the year, there was an improvement of the cash collection from some long aged projects. As a result, allowances and written off made in prior years against trade receivables, trade deposits and other receivables of approximately RMB1,987,000, RMB1,219,000 and RMB893,000 were reversed respectively.

9. DIVIDEND

On 25 March 2013, the Directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2012 to the shareholders of the Company (2011: RMB Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB816,000 (2011: RMB28,164,000) and the weighted average number of ordinary shares of 200,470,000 (2011: 200,470,000) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2012 and 2011.

11. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Furniture and fixtures *RMB'000*	**Computers** *RMB'000*	**Leasehold improvements** *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
Cost					
At 1 January 2011	505	1,971	2,144	3,266	7,886
Additions	18	102	–	–	120
Written off	(7)	(151)	–	–	(158)
Disposals	–	–	–	(120)	(120)
Exchange differences	(3)	(2)	(11)	–	(16)
At 31 December 2011 and 1 January 2012	513	1,920	2,133	3,146	7,712
Additions	1	13	–	366	380
Disposals	–	(3)	–	(370)	(373)
Exchange differences	–	–	–	–	–
At 31 December 2012	514	1,930	2,133	3,142	7,719
Accumulated depreciation					
At 1 January 2011	448	1,485	1,292	1,300	4,525
Charge for the year	13	138	335	446	932
Written off	(6)	(124)	–	–	(130)
Disposals	–	–	–	(108)	(108)
Exchange differences	(3)	(2)	(1)	–	(6)
At 31 December 2011 and 1 January 2012	452	1,497	1,626	1,638	5,213
Charge for the year	17	104	336	402	859
Written off	–	–	–	–	–
Disposals	–	(3)	–	(333)	(336)
Exchange differences	–	–	–	–	–
At 31 December 2012	469	1,598	1,962	1,707	5,736
Carrying amount					
At 31 December 2012	45	332	171	1,435	1,983
At 31 December 2011	61	423	507	1,508	2,499

12. INVESTMENT PROPERTIES

An independent professionally qualified valuer, Asset Appraisal Limited, is of the opinion that, had the Group's investment properties been carried at their fair values, the amounts would be approximately RMB9,810,000 (2011: RMB8,822,000). Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in recent locations. Valuations were based on an open market basis.

At 31 December 2012, the carrying amount of investment properties pledged as security for the Group's other loan amounted to RMB8,000,000 (2011: RMB8,000,000) as set out in the note 17 to the consolidated financial statements.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2012	2011
	RMB'000	*RMB'000*
Unlisted investment, at cost	**1,500**	1,500

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

Unlisted investment with carrying amount of RMB1,500,000 was carried at cost as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

14. TRADE RECEIVABLES

	Group	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**18,607**	22,506
Less: Allowance for bad and doubtful debts	**(3,071)**	(5,058)
	15,536	17,448

Allowance for bad and doubtful debts is made after the directors have considered the timing and probability of the collection.

The average credit period granted to trade customers is 90 days. The ageing analysis of the Group's trade receivables, based on the billing summary, and net of allowance for bad and doubtful debts is as follows:

	2012 *RMB'000*	2011 *RMB'000*
0 to 90 days	**7,351**	3,408
91 to 180 days	**3,142**	2,013
181 to 365 days	**1,079**	4,052
1 to 2 years	**2,347**	6,205
Over 2 years	**1,617**	1,770
	15,536	17,448

Reconciliation of allowance for bad and doubtful debts:

	2012 *RMB'000*	2011 *RMB'000*
At 1 January	**5,058**	3,538
(Reversal of allowance)/allowance for the year	**(1,987)**	1,520
At 31 December	**3,071**	5,058

At the end of the reporting period, the Group reviewed receivables for evidence of impairment on both an individual and collective basis. Allowance for bad and doubtful debts recognised for 2012 and 2011 were on trade receivables which were either aged over three years or individually impaired customers which are experiencing financial difficulties and are in default or delinquency of payments.

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

As of 31 December 2012, trade receivables of approximately RMB8,185,000 (2011: RMB14,040,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Up to 3 months	**3,142**	2,013
4 to 9 months	**1,079**	4,052
10 to 21 months	**2,347**	6,205
More than 21 months	**1,617**	1,770
	8,185	14,040

Trade receivables that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Except for the gross balance of approximately RMB1,082,000 (2011: RMB6,089,000) in which the customer used their properties as collateral for the balance due to the Group and the Group is the first (2011: first) mortgagee against the properties, the Group does not hold any collateral over the remaining balances.

15. TRADE DEPOSITS

	Group	
	2012	2011
	RMB'000	*RMB'000*
Trade deposits	**19,278**	23,583
Less: Allowance for bad and doubtful debts	**(4,369)**	(5,588)
	14,909	17,995

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

Allowance for bad and doubtful debts is made after the directors have considered the timing of the collection.

No credit period is granted to the customers. These trade deposits are refundable when the prescribed terms in the underlying agency contracts are achieved. Based on the payment date, ageing analysis of the Group's trade deposits (net of allowance for bad and doubtful debts) at the end of the reporting period is as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**1,251**	–
91 and 180 days	**97**	–
181 and 365 days	**–**	–
1 to 2 years	**–**	417
2 to 3 years	**235**	833
Over 3 years	**13,326**	16,745
	14,909	17,995

Reconciliation of allowance for bad and doubtful debts:

	2012	2011
	RMB'000	*RMB'000*
At 1 January	**5,588**	4,658
(Reversal of allowance)/allowance for the year	**(1,219)**	930
At 31 December	**4,369**	5,588

At the end of the reporting period, the Group reviewed the trade deposits for evidence of impairment on both an individual and collective basis. Allowance for bad and doubtful debts recognised for 2012 and 2011 were on trade deposits which were individually impaired customers which are experiencing financial difficulties and are in default or delinquency of payments.

As of 31 December 2012, trade deposits of approximately RMB8,542,000 (2011: RMB10,000,000) were past due but not impaired. The ageing analysis of these trade deposits is as follows:

	2012	2011
	RMB'000	*RMB'000*
Up to 3 months	**–**	10,000
4 to 9 months	**–**	–
9 months or above	**8,542**	–
	8,542	10,000

Trade deposits that were past due but not impaired related to a number of diversified customers having a good track record with the Group. Based on past experience, the management believes that no further impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Except for the gross balance of RMB15,980,000 (2011: RMB20,000,000) in which the customer used their properties as collateral for the balance due to the Group and the Group is the first (2011: first) mortgagee against the properties, the Group does not hold any collateral over the remaining balances.

16. OTHER RECEIVABLES

Included in other receivables is the shareholder's loan to Shanghai Hengda of RMB18,677,000 (2011: RMB14,500,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

17. OTHER LOAN

As at 31 December 2012, the other loan from an unrelated company is denominated in RMB, interest-bearing at a floating interest rate based on twice of the benchmark interest rate for RMB loans of the same periods from financial institutions announced by the People's Bank of China, thus exposes the Group to cash flow interest rate risk, and will be repayable on or before December 2014. The other loan is secured by the Group's investment properties as set out in the note 12 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS REVIEW

In 2012, in order to bring housing prices back to reasonable levels, the Chinese central government (the "Central Government") continued to adopt a series of control policies to curb speculative property investment, including restrictions on property purchases and mortgage loans and imposition of property tax. In addition, in order to support and protect reasonable demands for owner-occupied residence, the Central Government reiterated that it would focus on the construction of affordable housing and would implement measures such as adjustment of housing provident fund loan facilities. During the year, the People's Bank of China (the "Central Bank") lowered the bank's reserve requirement ratio two times in February and May respectively by 0.5% in total and cut the benchmark interest rate two times in June and July respectively by 0.5% in total, and has consistently adopted differentiated credit policies. Driven by these loose monetary policies, the China property market has started to recover since May 2012, with increased transactions volume and rising prices.

In 2012, despite of the uncertainties in the overall property market, the property development investment and the sales of commodity housing in China increased year-on-year by 16.2% and 10%, which were 11.9% and 1.1% lower than the growth rate in the previous year, respectively. The areas of commodity housing sold increased by 1.8% year-on-year, but was 2.6% lower than last year's growth rate. The personal mortgage loan for the year increased by 21.3% as compared to the previous year. The Real Estate Climate Index of the country (全國房地產開發景氣指數) dropped from 99 in December 2011 to 94.56 in September 2012 and then recovered to 95.59 in December 2012. Hence, the general climate of the China property market in 2012 had shown signs of improvement in the second half of the year.

Since 2012, value-added tax has been levied upon some of the Group's projects. The revenue reported for the year net of value-added tax was approximately RMB30,908,000, representing an increase of approximately 62.03% as compared to approximately RMB19,075,000 in 2011. The increase was mainly attributable to the satisfactory revenues on several commercial projects in the first half of the year and the strong sales of some projects in affordable housing in the second half of the year. For comprehensive property consultancy and sales agency services, the saleable areas sold by the Group during the year under review and the revenue reported increased by approximately 28.76% and 81.96% as compared to 2011, respectively.

Regarding the Group's operations in 2012 on a geographical sense, the Group maintained a strong focus in Hubei and Jiangsu Provinces. However, the proportion of revenue from these two provinces decreased to approximately 56.26% from approximately 71.13% in 2011 as a result of the satisfactory revenues derived from the projects in Shanghai for the year. Regarding business product segments, during the year under review, although the Group has actively sought more opportunities in the pure property planning and consultancy service segment to improve its revenue base, the pure property planning and consultancy service projects undertaken by the Group decreased to 6 in 2012 (2011: 8 projects), reducing the reported revenue generated from this business segment by approximately 20.95% from that in 2011, due to the macro-control policies on properties which reduced the number of new development projects among small and mid-sized developers.

The gross profit margin of the Group was approximately 26.85% for the year ended 31 December 2012 (2011: the gross loss margin of approximately 69.59%), which was mainly attributable to significant increase in the Group's revenue during the year and no corresponding increase in the service cost due to the Group's rigorous cost control. The loss attributable to the owners of the Company amounted to approximately RMB816,000 in 2012 (2011: a loss of approximately RMB28,164,000).

COMPREHENSIVE PROPERTY CONSULTANCY AND AGENCY BUSINESS

During the year under review, the provision of comprehensive property consultancy and sales agency services for the primary property market in the PRC is the core business of the Group. In 2012, the revenue of the Group was generated from 20 comprehensive property consultancy and sales agency service projects (2011: 14 projects) with approximately 318,000 square metres (2011: approximately 247,000 square metres) of total saleable gross floor areas of the underlying projects. The reported revenue from these comprehensive property consultancy and sales agency service projects for the year ended 31 December 2012 was approximately RMB27,988,000, representing approximately 90.55% of the total revenue of the Group (2011: approximately RMB15,381,000, representing approximately 80.63% of the total revenue).

As at 31 December 2012, the Group had 28 comprehensive property consultancy and sales agency service projects on hand with a total unsold gross floor areas of approximately 4,033,000 square metres (2011: approximately 3,995,000 square metres). Among these 28 projects, sales of the underlying properties of 9 projects have not yet commenced as at 31 December 2012.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the year ended 31 December 2012, the Group actively expanded the pure property planning and consultancy business. With 6 pure property planning and consultancy service projects in 2012 (2011: 8 projects), the reported revenue generated from this business segment by the Group for the year decreased by approximately 20.95% to RMB2,920,000, representing 9.45% of the total revenue for the year of 2012 (2011: approximately RMB3,694,000, representing 19.37% of the total revenue).

PROSPECTS

Since 2010, in order to achieve a stable and healthy development of the domestic property market and to bring housing prices back to reasonable levels, the Central Government has introduced a number of stringent macro-control policies on properties. In particular, the Central Government has continued to impose restrictions on house purchases, mortgage loans and housing prices, and carried out reforms on property development and tax policies. On 1 March 2013, the State Council introduced the "Five New Measures" before the commencement of the new session of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, such as further increasing the property tax policy, which once again reflected its determination in exerting increased control over property prices. We expect the housing prices to be one of the main focuses of the Central Government in 2013 and the control policies will most likely to continue for a further period of time.

In 2013, the global economy exhibited signs of recovery, though there are still a number of uncertainties. With China facing inflationary pressures and slower economic growth, it is expected that the Chinese government will continue to implement a prudent and healthy monetary policy. Even if the China property market remains under control, in management's view, the supply of ordinary commodity properties and the number of the first-time home buyers are still expected to increase during 2013, due to a number of favourable factors such as increasing urbanization, the solid demand for indemnificatory housing and preferential policies on first home purchases. The Group will endeavor to continue its cooperation with property developers targeting at ordinary commodity housing, and look for more development opportunities in the third and fourth-tier cities that are in position to benefit from the urbanization process. The Group will also strive to secure more property consultancy and sales agency service projects.

2013 will continue to be a year for the Group to increase revenue and to reduce costs. The Group will strive to seek for profits through enhanced budget management, cost control and reduction in operating costs. In addition, the Group will speed up the collection of receivables to strengthen the cash flow management. The management will also continue to incentivize employees to explore new business opportunities as well as alternative sources of credit or capital in order to attain a sustainable development for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

In the year of 2012, the Group's source of funds was mainly from cash generated from operations.

As at 31 December 2012, the Group had net current assets of approximately RMB60,549,000 (2011: approximately RMB60,763,000), total assets of approximately RMB73,020,000 (2011: approximately RMB77,460,000) and shareholders' funds of approximately RMB55,879,000 (2011: approximately RMB56,703,000).

As at 31 December 2012, the bank and cash balances of the Group amounted to approximately RMB13,833,000 (2011: approximately RMB13,204,000).

BANK BORROWINGS AND OVERDRAFTS

The Group had no bank borrowings or overdrafts as at 31 December 2012 (2011: RMB Nil).

INDEBTEDNESS

The Group did not have any short term borrowing as at 31 December 2012 (2011: RMB Nil) and had a long term borrowing of RMB8,000,000 (2011: RMB8,000,000) in total which will mature in December 2014 and are secured by the investment properties of the Group as set out in note 12 to the consolidated financial statements.

As at 31 December 2012, the Group had total borrowings of RMB8,000,000. The gearing ratio of the Group (calculated based on the basis of total bank and other borrowings over total equity) was 14.32% (2011: 14.11%).

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2012.

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The borrowing rates of the Group were mainly floating rates based on the benchmark interest rate for RMB loans of the same periods from financial institutions announced by the People's Bank of China. During the year of 2012, the People's Bank of China lowered the benchmark interest rate for RMB loans for two times, from 6.65% at the beginning of the year to 6.15% by the end of the year. The Group's exposure to interest rate risk exposure mainly stemmed from fluctuations of borrowing rates for the Group's debts. Interest rate hikes will increase the cost of borrowings of the Group.

STAFF AND EMOLUMENT POLICY

As at 31 December 2012, the Group had a total of 213 staff (2011: 243 staff).

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

CHARGE ON ASSETS

As at 31 December 2012, the interest-bearing other loan was secured by all the investment properties of the Group with carrying amount of RMB3,803,000 (2011: RMB3,897,000).

MAJOR INVESTMENTS

For the year ended 31 December 2012, save for the Group's 3% equity interest in Shanghai Hengda Group (Jiangsu) Investment Co., Ltd.（上海恒大集團（江蘇）投資有限公司）("Hengda Jiangsu") as set out in note 13 to the consolidated financial statements and the investment properties held by the Group as set out in note 12 to the consolidated financial statements, no other significant investment was held by the Group. As at the date of this announcement, save for the continuing investment in Hengda Jiangsu and the investment properties held by the Group, the Group has no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2012 (2011: RMB Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2012 (2011: RMB Nil).

CORPORATE GOVERNANCE PRACTICES

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Save for the deviations from code provisions A.1.8, A.2.1 and A.6.7 of the CG Code, the Directors are not aware of any information which would reasonably indicate that the Company was not in compliance with the code provisions set out in the CG Code during the year ended 31 December 2012.

Pursuant to code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. As set out in the interim report of the Company dated 24 August 2012, the Company had deviated from code provision A.1.8 for the six months ended 30 June 2012 with considered reasons. Subsequently, the management considered that compliance with code provision A.1.8 would be conducive to the good corporate governance of the Company and had arranged for appropriate liability insurance for the Directors and senior management officers of the Company for legal liability which may arise in the course of performing their duties.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and chief executive should be segregated 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 this structure will enable the Company to make and implement decisions promptly and efficiently.

In respect of the code provision A.6.7 of the CG Code, Ms. Lin Chien Ju, a non-executive Director and Mr. Ng Wai Hung, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 15 June 2012 due to other engagements.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code during the year ended 31 December 2012.

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 and also reviews and monitors the external auditor's independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with applicable standards.

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 2012.

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 2012 Annual Report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

2013 ANNUAL GENERAL MEETING

It is proposed that the 2013 Annual General Meeting (the "2013 AGM") will be held on Friday, 14 June 2013. A notice convening the 2013 AGM will be published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk) and will be dispatched to the shareholders of the Company accordingly.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlement to attend and vote at 2013 AGM, the register of members of the Company will be closed from Tuesday, 11 June 2013 to Friday, 14 June 2013 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2013 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 10 June 2013.

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

Hong Kong, 25 March 2013

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. Ng Wai Hung, Mr. Cui Shi Wei, and Dr. Cheng Chi Pang.