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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 2013

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 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013** **RMB'000**	2012 *RMB'000*
Revenue	*4*	**34,956**	30,908
Business tax and other levies		**(1,004)**	(890)
Cost of services rendered		**(24,215)**	(21,720)
Gross profit		**9,737**	8,298
Other income	*5*	**2,184**	4,923
Operating and administrative expenses		**(12,720)**	(13,020)
(Loss)/profit from operations		**(799)**	201
Finance cost – loan interest		**(984)**	(1,017)
Loss before tax		**(1,783)**	(816)
Income tax	*7*	**–**	–
Loss for the year attributable to owners of the Company	*8*	**(1,783)**	(816)
		RMB cents	*RMB cents*
Loss per share	*10*		
Basic		**(0.89)**	(0.41)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RMB'000	*RMB'000*
Loss for the year	**(1,783)**	(816)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(10)**	(8)
Other comprehensive income for the year, net of tax	**(10)**	(8)
Total comprehensive income for the year attributable to owners of the Company	**(1,793)**	(824)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	11	**1,319**	1,983
Investment properties	12	**3,708**	3,803
Golf club membership		**291**	291
Available-for-sale financial assets	13	**1,500**	1,500
		6,818	7,577
Current assets			
Trade receivables	14	**16,018**	15,536
Trade deposits	15	**13,207**	14,909
Prepayments and other deposits		**781**	668
Other receivables	16	**19,291**	20,497
Bank and cash balances		**14,682**	13,833
		63,979	65,443
Current liabilities			
Accruals and other payables		**4,464**	4,894
Other loan	17	**8,000**	–
		12,464	4,894
Net current assets		**51,515**	60,549
Total assets less current liabilities		**58,333**	68,126
Non-current liabilities			
Other loan	17	**–**	8,000
Deferred tax liabilities		**4,247**	4,247
		4,247	12,247
NET ASSETS		**54,086**	55,879
Capital and reserves			
Share capital		**20,644**	20,644
Reserves		**33,442**	35,235
TOTAL EQUITY		**54,086**	55,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations.

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

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 2013 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) part of the shareholder's loan to an investee company as mentioned in note 16 to the consolidated financial statements will be repayable before or at the end of 2014; 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 HONG KONG FINANCIAL REPORTING STANDARDS

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 2013. 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 except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 "Consolidated Financial Statements" supersedes the requirements relating to consolidated financial statements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" and Hong Kong (SIC) Interpretation 12 "Consolidation – Special Purpose Entities". HKFRS 10 introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption of HKFRS 10 did not result in changes to the Group's accounting policies and amounts reported for the current year and prior years.

c. HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has 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:

	2013	2012
	RMB'000	*RMB'000*
Comprehensive property consultancy and sales agency service projects	**33,220**	27,988
Pure property planning and consultancy service projects	**1,736**	2,920
	34,956	30,908

5. OTHER INCOME

	2013	2012
	RMB'000	*RMB'000*
Interest income	**307**	215
Gain on disposals of property, plant and equipment	**–**	33
Reversal of allowance for trade receivables	**–**	1,987
Reversal of allowance for trade deposits	**1,627**	1,706
Reversal of amounts written off for other receivables in previous year	**–**	893
Sundry income	**250**	89
	2,184	4,923

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

	2013	2012
	RMB'000	*RMB'000*
Customer a	**12,152**	8,133
Customer b	**8,324**	3,486
Customer c	**–**	5,392
Customer d	**–**	4,079

7. INCOME TAX

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 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.

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

	2013	2012
	RMB'000	*RMB'000*
Loss before tax	**(1,783)**	(816)
Tax at the domestic income tax rate of 25% (2012: 25%)	**(446)**	(204)
Tax effect of income that is not taxable	**(407)**	(1,039)
Tax effect of expenses that are not deductible	**958**	739
Tax effect of tax losses not recognised	**16**	1,268
Tax effect of temporary differences not recognised	**82**	(732)
Tax effect of utilisation of tax losses not previously recognised	**(203)**	(32)
Income tax	**–**	–

8. LOSS FOR THE YEAR

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

	2013	2012
	RMB'000	*RMB'000*
Auditor's remuneration	**439**	447
Depreciation of property, plant and equipment	**699**	859
Depreciation of investment properties	**95**	94
Gain on disposals of property, plant and equipment	**–**	(33)
Net exchange loss/(gain)	**54**	(56)
Operating lease charges on land and buildings	**2,949**	2,625
(Reversal of allowance)/allowance for		
– Trade receivables	**637**	(1,987)
– Trade deposits (*)	**(1,627)**	(1,219)
Reversal of amounts written off for other receivables in previous year	**–**	(893)
Staff costs (including directors' remuneration)		
– Fees, salaries, bonus and allowances	**12,321**	12,350
– Retirement benefits scheme contributions	**2,132**	2,011
	14,453	14,361
Write off of property, plant and equipment	**15**	–

(*) *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, allowance made in prior years against trade deposits of approximately RMB1,627,000 was reversed.*

9. DIVIDEND

On 24 March 2014, the Directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2013 to the shareholders of the Company (2012: 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 RMB1,783,000 (2012: RMB816,000) and the weighted average number of ordinary shares of 200,470,000 (2012: 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 shares during the two years ended 31 December 2013 and 2012.

11. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Furniture and fixtures	**Computers**	**Leasehold improvements**	**Motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2012	513	1,920	2,133	3,146	7,712
Additions	1	13	–	366	380
Disposals	–	(3)	–	(370)	(373)
At 31 December 2012 and 1 January 2013	514	1,930	2,133	3,142	7,719
Additions	–	50	–	–	50
Written off	(4)	(141)	–	–	(145)
Exchange differences	(2)	(2)	(5)	–	(9)
At 31 December 2013	508	1,837	2,128	3,142	7,615
Accumulated depreciation					
At 1 January 2012	452	1,497	1,626	1,638	5,213
Charge for the year	17	104	336	402	859
Disposals	–	(3)	–	(333)	(336)
At 31 December 2012 and 1 January 2013	469	1,598	1,962	1,707	5,736
Charge for the year	9	78	172	440	699
Written off	(3)	(127)	–	–	(130)
Exchange differences	(2)	(1)	(6)	–	(9)
At 31 December 2013	473	1,548	2,128	2,147	6,296
Carrying amount					
At 31 December 2013	35	289	–	995	1,319
At 31 December 2012	45	332	171	1,435	1,983

12. INVESTMENT PROPERTIES

	Group		
	Land *RMB'000*	**Buildings** *RMB'000*	**Total** *RMB'000*
Cost			
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	2,249	1,878	4,127
Accumulated depreciation			
At 1 January 2012	118	112	230
Charge for the year	51	43	94
At 31 December 2012 and 1 January 2013	169	155	324
Charge for the year	52	43	95
At 31 December 2013	221	198	419
Carrying amount			
At 31 December 2013	2,028	1,680	3,708
At 31 December 2012	2,080	1,723	3,803

(a) The Group's investment properties are located in the PRC and their carrying amounts are analysed as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Outside Hong Kong:		
Long-term leases	**1,749**	1,795
Medium-term leases	**1,959**	2,008
	3,708	3,803

(b) Valuation processes of the Group

The Group obtained independent valuation from Asset Appraisal Limited, a member of the Hong Kong Institute of Surveyors, for its investment properties at least annually. For all investment properties, their current use equates to the highest and best use. 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 RMB9,650,000 (2012: RMB9,810,000).

The Group's finance department is responsible for the fair value measurement of investment properties required for financial reporting purpose. At each financial year-end the finance department assesses property valuation movement when compared to the prior year valuation report and holds discussion with the independent valuer on the valuation methodology.

(c) Valuation techniques

Fair values of investment properties are generally derived using the direct comparison method. This valuation method is based on the prices information of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values. In estimating the building element of the properties, the depreciated replacement cost approach is adopted. This approach requires an estimate of the new replacement costs of the buildings and structures of the properties from which deductions are then made to allow for age, conditions, and functional obsolescence.

(d) Significant inputs used to determine fair value

As at 31 December 2013, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Unobservable inputs	**Range**	**Effect on fair value for increase of inputs**	**Fair value 2013**
Price per square metre	RMB3,313 to RMB25,000	Increase	RMB9,650,000

(e) At 31 December 2013, the carrying amount of investment properties pledged as security for the Group's other loan amounted to RMB8,000,000 (2012: RMB8,000,000) as set out in the note 17 to the consolidated financial statements.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2013	2012
	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 2013	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**19,726**	18,607
Less: Allowance for trade receivables	**(3,708)**	(3,071)
	16,018	15,536

Allowance for trade receivables 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 is as follows:

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**6,696**	7,351
91 to 180 days	**3,181**	3,142
181 to 365 days	**3,562**	1,079
1 to 2 years	**860**	2,347
Over 2 years	**1,719**	1,617
	16,018	15,536

Reconciliation of allowance for trade receivables:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**3,071**	5,058
Allowance/(reversal of allowance) for the year	**637**	(1,987)
At 31 December	**3,708**	3,071

At the end of the reporting period, the Group reviewed receivables for evidence of impairment on both an individual and collective basis. Allowance recognised for 2013 and 2012 were on trade receivables which were 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 2013, trade receivables of approximately RMB9,322,000 (2012: RMB8,185,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013	2012
	RMB'000	*RMB'000*
Up to 3 months	**3,181**	3,142
4 to 9 months	**3,562**	1,079
10 to 21 months	**860**	2,347
More than 21 months	**1,719**	1,617
	9,322	8,185

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 RMB96,000 (2012: RMB1,082,000) in which the customer used their property as collateral for the balance due to the Group and the Group is the first (2012: first) mortgagee against the property, the Group does not hold any collateral over the remaining balances.

15. TRADE DEPOSITS

	Group	
	2013	2012
	RMB'000	*RMB'000*
Trade deposits	**15,949**	19,278
Less: Allowance for trade deposits	**(2,742)**	(4,369)
	13,207	14,909

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 trade deposits is made after the directors have considered the timing of the collection.

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) at the end of the reporting period is as follows:

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**43**	1,251
91 to 180 days	**14**	97
181 to 365 days	**85**	–
Over 1 year and up to 2 years	**1,359**	–
Over 2 years and up to 3 years	**–**	235
Over 3 years	**11,706**	13,326
	13,207	14,909

Reconciliation of allowance for trade deposits:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**4,369**	5,588
Reversal of allowance for the year	**(1,627)**	(1,219)
At 31 December	**2,742**	4,369

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 recognised for 2013 and 2012 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 2013, trade deposits of approximately RMB6,047,000 (2012: RMB8,542,000) were past due but not impaired. The ageing analysis of these trade deposits is as follows:

	2013	2012
	RMB'000	*RMB'000*
Up to 3 months	**824**	–
4 to 9 months	**–**	–
9 months or above	**5,223**	8,542
	6,047	8,542

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 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 RMB12,680,000 (2012: RMB15,980,000) in which the customer used their property as collateral for the balance due to the Group and the Group is the first (2012: first) mortgagee against the property, the Group does not hold any collateral over the remaining balances.

16. OTHER RECEIVABLES

Included in other receivables is a shareholder's loan to Shanghai Hengda of RMB18,677,000 (2012: RMB18,677,000). This shareholder's loan is unsecured, interest-free and has no fixed terms of repayment.

17. OTHER LOAN

As at 31 December 2013 and 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 2013, the policy enforcement environment of the property industry had continued its tightening momentum since 2010. In early 2013, the PRC Central Government continued to adopt the "Five New Measures of the State Council" in order to bring the housing prices to a reasonable level. Such measures include restrictions on property purchases, mortgage loans, and imposition of property tax. However, the enforcement and implementation of such control policies were relatively moderate and stable. In 2013, signs of overheating re-emerged in the property market, mainly in the first and second tier cities, which were characterized by increased transaction volume, rising prices and re-emergence of peak of land price. The climate index of the nation-wide property development has been falling month on month since 95.59 in December 2012. However, driven by the sharp rise in both the land prices and housing prices, the PRC property market's climate index has rapidly climbed up again to 97.21 in December 2013.

Despite the uncertainties in the overall property market, following the second half year of 2012, the entire market experienced its volume and price recovery, and the PRC property companies faced less cash flow pressure and stepped up its efforts in land acquisition. In 2013, the property development investment and the sales of commodity housing in the PRC increased by 19.8% and 26.3% year on year respectively, being 3.6% and 16.3% higher than the growth rate in the previous year respectively. The sales areas of commodity housing increased by 17.3% year on year, and such growth rate was 15.5% higher than last year's growth rate of 1.8%. The personal mortgage loan for the year increased by 33.3% as compared to the previous year. Generally speaking, the overall atmosphere of the property market in China remained robust in 2013.

Since 2013, 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 RMB34,956,000, representing an increase of approximately 13.10% as compared to approximately RMB30,908,000 in 2012. 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 was approximately 336,000 square meters, representing an increase of approximately 5.66% as compared to 2012 and the revenue reported an increase of approximately 18.70% as compared to 2012.

Regarding the Group's operations in 2013 on a geographical sense, the Group maintained a strong focus in Hubei and Jiangsu Provinces. However, the proportion of revenue from these two provinces slightly decreased to approximately 55.00% from approximately 56.26% in 2012 as a result of better revenue derived from the projects in Shanghai in 2013. 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, given that macro-control policies on properties had reduced the number of new development projects among small and medium-sized developers, the pure property planning and consultancy service projects undertaken by the Group decreased to 4 in 2013 (2012: 6 projects), with reported revenue generated from this business segment decreased by approximately 40.54% as compared with that in 2012.

During the year ended 31 December 2013, the gross profit margin and the loss attributable to the owner of the Group were approximately 27.86% (2012: approximately 26.85%) and approximately RMB1,783,000 (2012: approximately RMB816,000) respectively.

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 was the core business of the Group. In 2013, the Group's revenue was generated from 17 comprehensive property consultancy and sales agency service projects (2012: 20 projects) with approximately 336,000 square meters (2012: approximately 318,000 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 ended 31 December 2013 was approximately RMB33,220,000, representing approximately 95.03% of the total revenue of the Group (2012: approximately RMB27,988,000, representing approximately 90.55% of the total revenue).

As at 31 December 2013, the Group had 28 comprehensive property consultancy and sales agency service projects on hand with total unsold gross floor areas of approximately 2,406,000 square meters (2012: approximately 4,033,000 square meters). Among these 28 projects, sales of the underlying properties of 9 projects have not yet commenced as at 31 December 2013.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the year ended 31 December 2013, the Group in total implemented 4 pure property planning and consultancy service projects (2012: 6 projects), owing to the significant decrease in the number of new development projects undertaken by small and medium sized property companies due to the reform of the property market in China during the year under review. The reported revenue generated from this business segment for the year decreased by approximately 40.54% to RMB1,736,000, representing 4.97% of the total revenue for the year of 2013 (2012: approximately RMB2,920,000, representing 9.45% of the total revenue).

PROSPECTS

Starting from 2010, in order for the domestic property market to develop in a stable and healthy manner and for the housing price to fall to a reasonable level, the Central Government introduced a series of tightened macro-control policies to the property industry. Such policies adhered to the three measures, namely the restrictions on property purchases, restrictions on housing loan, and restrictions on housing price, and reforms on property tax policy were implemented. On the other hand, certain industry policies implemented by the Central Government, such as the policy on encouraging first-time house purchase, resulted in a contradictory situation of investment contraction and rigid demand eruption in the domestic property market. In the second half year of 2013, the liquidity in the market was squeezed, causing banks to tighten their housing mortgage loans. Therefore, it may be expected that in future, apart from maintaining administrative control, it is likely that the Central Government will emphasize on promoting real estate tax reform, land reform and new-urbanization and to deepen the reform of financial system to establish a long-term mechanism for the domestic property market. We expect stabilization of housing price will remain one of the governmental focuses in 2014.

Looking forward to year 2014, the global economy is expected to exhibit a modest recovery, though with a number of uncertainties. It is expected that the PRC economic growth in 2014 will be consistent with that of last year, and will maintain a steady progressive development. The PRC government will also continue to implement a prudent and healthy monetary policy and maintain the existing control policy. The management is of the view that the supply of ordinary commodity properties and the number of the first-time home buyers are still expected to increase during 2014, due to favorable factors such as increasing comprehensive urbanization, the solid demand for indemnificatory housing, and preferential policies on first-time home purchases. Second-tier cities, such as provincial capital cities, will lead the development of the PRC property market in recent years. However, in the case of continuing policies and tight liquidity in the market, prices and trading volume increase is expected to be gradually narrowed. The Group will remain cautious on the market and will endeavor to continue its cooperation with property developers targeting at ordinary commodity housing, and focus on the development opportunities in the first and second tier cities. The Group will also strive to secure more property consultancy and sales agency service projects.

The year 2014 will remain as a year for the Group to broaden sources of income and to minimize expenditures. The Group will also strive to cut operating expenses and seek greater profitability by means of strengthening budget management and cost control. Meanwhile, the Group will further step up the collection of receivables and its efforts to manage cash flow. The management of the Group will endeavour to incentivize their employees to proactively identify new business platforms from the outside and explore opportunities to undertake more projects, so as to pursue a long-term development for the Company and its employees as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

In the year of 2013, the Group's source of funds was mainly from cash generated from operations.

As at 31 December 2013, the Group had net current assets of approximately RMB51,515,000 (2012: approximately RMB60,549,000), total assets of approximately RMB70,797,000 (2012: approximately RMB73,020,000) and shareholders' funds of approximately RMB54,086,000 (2012: approximately RMB55,879,000).

As at 31 December 2013, the bank and cash balances of the Group amounted to approximately RMB14,682,000 (2012: approximately RMB13,833,000).

BANK BORROWINGS AND OVERDRAFTS

The Group had no bank borrowings or overdrafts as at 31 December 2013 (2012: Nil).

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any long term borrowing as at 31 December 2013 (2012: RMB8,000,000) and had a short term borrowing of RMB8,000,000 (2012: Nil) in total. The short term borrowing is interest-bearing at floating rates and will mature in December 2014 and is secured by the investment properties of the Group with carrying amount of approximately RMB3,708,000 (2012: approximately RMB3,803,000).

As at 31 December 2013, the Group had total borrowings of RMB8,000,000. The gearing ratio of the Group (calculated on the basis of total bank and other borrowings over total equity) was approximately 14.79% (2012: approximately 14.32%).

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 2013.

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 2013, the People's Bank of China kept the benchmark interest rate for three-year RMB loans unchanged at 6.15%. The Group's exposure to interest rate risk 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 2013, the Group had a total of 226 staff (2012: 213 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.

MAJOR INVESTMENTS

For the year ended 31 December 2013, 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, 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 2013 (2012: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2013 (2012: 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 deviation from code provision A.2.1 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 2013.

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.

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 2013.

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.

During the year ended 31 December 2013, the Audit Committee met with the external auditor to review and approve the audit plans and also reviewed the Group's annual results of 2012 and interim results of 2013 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 2013.

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 2013 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.

2014 ANNUAL GENERAL MEETING

It is proposed that the 2014 Annual General Meeting (the "2014 AGM") will be held on Friday, 13 June 2014. A notice convening the 2014 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 the 2014 AGM, the register of members of the Company will be closed from Wednesday, 11 June 2014 to Friday, 13 June 2014 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2014 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 10 June 2014.

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

Hong Kong, 24 March 2014

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