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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00352)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (the "**Year**") together with the comparative figures for 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	4	**11,925**	40,243
Cost of sales		**(11,621)**	(30,357)
Gross profit		**304**	9,886
Investment income and other gains and (losses), net	5	**559**	441
Operating and administrative expenses		**(15,052)**	(13,232)
Finance cost	6	**(70)**	(5)
Loss before tax		**(14,259)**	(2,910)
Income tax expense	8	**–**	–
Loss for the year attributable to the owners of the Company	9	**(14,259)**	(2,910)
		RMB cents	*RMB cents*
Loss per share	11		
— Basic		**(5.79)**	(1.18)
— Diluted		**(5.79)**	(1.18)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(14,259)**	(2,910)
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**391**	(151)
Other comprehensive expense for the year, net of tax	**391**	(151)
Total comprehensive expense for the year attributable to owners of the Company	**(13,868)**	(3,061)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**706**	839
Right-of-use assets	12	**2,793**	286
Investment properties		**11,350**	12,664
		14,849	13,789
Current assets			
Trade receivables	13	**8,558**	17,867
Trade deposits	14	**300**	300
Prepayments and other deposits		**787**	1,692
Other receivables		**975**	799
Financial assets at fair value through profit or loss		**4,508**	2,004
Bank and cash balances		**6,731**	7,667
		21,859	30,329
Current liabilities			
Accruals and other payables		**5,471**	4,571
Lease liabilities		**490**	124
		5,961	4,695
Net current assets		**15,898**	25,634
Total assets less current liabilities		**30,747**	39,423
Non-current liabilities			
Lease liabilities		**2,356**	164
Loan from a related company	15	**8,000**	5,000
		10,356	5,164
Net assets		**20,391**	34,259

	2022	2021
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**24,394**	24,394
Reserves	**(4,003)**	9,865
Total equity attributable to owners of the Company	**20,391**	34,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of amendments to HKFRSs that became effective on 1 January 2022

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

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

4. REVENUE

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

	2022	2021
	RMB'000	*RMB'000*
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets:		
PRC	**10,513**	39,246
Cambodia	**—**	44
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets:		
PRC	**1,412**	953
	11,925	40,243

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

	2022	2021
	RMB'000	*RMB'000*
Interest income on bank deposits	**12**	89
(Loss)gain on disposals and write-off of property, plant and equipment, net	**(2)**	144
Gain on disposal of investment properties	**447**	—
Gain on disposal of golf club membership	**—**	1,474
Net exchange gain (loss)	**115**	(47)
Rental income from investment properties less direct outgoings RMB Nil (2021: RMB Nil)	**280**	111
Allowance for ECL on trade receivables, net	**(1,108)**	(1,523)
Fair value gain on financial assets at FVTPL	**15**	4
Government grants *(Note a)*	**178**	87
Sundry income	**622**	102
	559	441

Notes:

(a) During the current year, the Group recognised government grants of RMB21,000 (equivalent to HK$24,000) (2021: RMBNil) and RMB158,000 (2021: RMB87,000) related to Employment Support Scheme provided by the Hong Kong Government and support fund provided by PRC Government respectively.

6. FINANCE COST

	2022	2021
	RMB'000	*RMB'000*
Interest on lease liabilities	**70**	5

7. SEGMENT INFORMATION

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

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

Revenue from major customers

Saved as disclosed above, no other single customer contribute 10% or more to the Group's revenue. Revenue from customers of the corresponding years over 10% of the total revenue of the Group are as follows:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**4,681**	11,023
Customer B	**3,627**	14,377
Customer C	**1,638**	10,934

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is provided since the Company had no assessable profit for both years. Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for both current and previous years. Under the two-tier profits tax rates regime, the first HK$2 million of profits of a qualifying entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5% for both years. The profits of entity not qualifying for the two-tier profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%).

No PRC Enterprise Income Tax has been made in the current year as the relevant group entities had no assessable profits for both years. The applicable PRC Enterprise Income Tax is 25% (2021: 25%).

No provision for Tax on Profit is required for the subsidiary in Cambodia as the subsidiary had no assessable profits for both years. The applicable tax rate in Cambodia is 20% (2021: 20%).

9. LOSS FOR THE YEAR

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

	2022	2021
	RMB'000	*RMB'000*
Auditor's remuneration	**380**	450
Depreciation of property, plant and equipment	**159**	174
Depreciation of investment properties	**311**	234
Depreciation of right-of-use assets	**237**	126
Loss (gain) on disposals of property, plant and equipment, net	**2**	(144)
Gain on disposal of golf club membership	**—**	(1,474)
Net exchange gain (loss)	**(115)**	47
Gross rental income from investment properties less direct outgoings RMB Nil (2021: RMB Nil)	**280**	(111)
Allowance for ECL on trade receivables, net	**1,108**	1,523

10. DIVIDEND

No dividend was paid or proposed during year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB14,259,000 (2021: profit of RMB2,910,000) and the number of ordinary shares of 246,183,390 (2021: 246,183,390) in issue during the year.

(b) Diluted loss per share

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share or increase in earnings per share. Therefore, diluted loss per share is the same as the basic loss per share for the years ended 31 December 2022 and 2021.

12. INVESTMENT PROPERTIES

Investment properties with carrying value RMB1,003,000 were disposed of during the year ended 31 December 2022, resulting in a gain on disposal of RMB447,000 (2021: Nil).

13. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**11,671**	19,850
Less: Allowance for expected credit loss	**(3,113)**	(1,983)
	8,558	17,867

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

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

	2022	2021
	RMB'000	*RMB'000*
0 to 90 days	**3,395**	8,018
91 to 180 days	**993**	4,707
181 to 365 days	**1,200**	4,052
1 to 2 years	**2,950**	644
Over 2 years	**20**	446
	8,558	17,867

Reconciliation of allowance for expected credit loss:

	2022	2021
	RMB'000	*RMB'000*
At 1 January	**1,983**	460
Provision for allowance for the year	**1,108**	1,523
Exchange difference	**22**	—
At 31 December	**3,113**	1,983

At the end of the reporting period, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Allowance for expected credit loss recognised for 2022 and 2021 on trade receivables from customers which are experiencing financial difficulties and are in default or delinquency of payments are reviewed and impaired on an individual basis.

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

As at 31 December 2022, trade receivables of approximately RMB5,163,000 (2021: RMB9,849,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2022	2021
	RMB'000	*RMB'000*
Past due but not impaired		
Within 3 months	**993**	4,707
3 to 9 months	**1,200**	4,052
9 to 21 months	**2,950**	644
More than 21 months	**20**	446
	5,163	9,849

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

14. TRADE DEPOSITS

	2022	2021
	RMB'000	*RMB'000*
Trade deposits	**300**	300
Less: Allowance for trade deposits	**—**	—
	300	300

Trade deposits represent the amounts paid for comprehensive property consultancy and sales agency service contracts. These trade deposits are refundable when the prescribed terms in the underlying agency contracts are completed.

15. LOAN FROM A RELATED COMPANY

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

BUSINESS REVIEW

During the year ended 31 December 2022 (the "**Year**"), the operation of the Group continued to face challenges from the global economy including the tension between Russia and Ukraine, decoupling of the Chinese and US economies, and the resurgence of the pandemic (the "**Pandemic**") in China. In such a complex external and internal environment, the confidence in the real estate industry continued to deteriorate. In addition, the real estate industry has entered into an intensified adjustment period where various indicators in the primary and secondary markets have weakened, whereby, both supply and transaction volume hit a record low for the past five years, scale of new construction projects has been halved, and investment and financing have fallen to freezing point, posing new challenges on the industry under the new situation.

In the land market, the transaction volume hit a ten-year low, and the overall auction failure rate has risen sharply compared to the past. In 2022, the transaction area and value of the land market in China dropped by nearly 40% year-on-year. Under the market background featuring the absence of private property developers, weakened willingness of state-owned enterprises and central enterprises to acquire land and land acquisitions by platforms at floor prices frequently seen in many cities, the premium rate has dropped to below 4% for the Year, representing a year-on-year decrease of more than 60%.

In 2022, the overall industry continued to operate at a low level. At the end of the Year, the decline in sales and investment, and the sales and development scale dropped to a five-year low, but the transaction volume has stopped falling. The land market has fallen to freezing point, and the completed construction area has greatly recovered under the requirements of ensuring the delivery of buildings.

Property transaction volume has declined in various cities, and the transaction scale has shown an overall trend of falling, stabilizing and further falling, with a large decline year-on-year. Cities diverged obviously, with first-tier cities shown strong resilience, second and third-tier cities saw more declines and fewer rises, and fourth and lower tier cities deeply mired. In terms of supply, first-tier cities saw a slight drop of 7%, while second, third, fourth and lower-tier cities all recorded slump of more than 45%. In terms of transaction volume, first-tier cities dropped by 25%, and second, third, fourth and lower tier cities all dropped by more than 40%. In terms of average price, the average price in first-tier cities increased by 2.3% instead of falling, that in second-tier cities decreased slightly by 1.7% and that in third, fourth and below tier cities fell by 3.9%.

On the enterprise side, the threshold for the top 100 real estate enterprises has declined to RMB10 billion, representing a year-on-year decrease of more than 50% from RMB27.1 billion. In terms of performance, the overall decline was more than 40%. Among the top 100 real estate enterprises, more than 80% experienced a decline in performance, and more than 30% recorded a year-on-year decrease of more than 50%. Private enterprises recorded larger decline, while central enterprises and state-owned enterprises showed strong resilience against industry cycle.

Due to the market downturn throughout 2022, property developers and agents continued increased marketing, promoted various marketing campaigns and increased the proportion of marketing expenses to attract customers and enhance sales. On the marketing side, large property developers basically maintained high frequency marketing of "organizing events every month." With the differentiation in property prices, property developers offer a more targeted discount and price reduction measure, and the number of properties offered with a special price is increasing. In view of the downturn of the market, the Group has also increased its promotion expenses in 2022, thereby reducing the Group's gross profit.

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

During the Year, the Group recorded revenue of approximately RMB11.9 million (2021: RMB40.2 million), representing a substantial decrease by approximately 70.3% as compared to the revenue recorded for the preceding year. Such substantial decrease was mainly due to the decrease in revenue generated from comprehensive property consultancy and sales agency business of the Group by approximately RMB28.8 million, representing a decrease by approximately 73.2%, during the Year as compared with the preceding year for reasons further explained in the paragraph headed "Comprehensive property consultancy and sales agency business" below. Revenue from the pure property planning and consultancy business segment of the Group increased during the Year by approximately RMB0.5 million as compared with the preceding year for reasons further explained in the paragraph headed "Pure property planning and consultancy business" below.

The Group recorded gross profit of approximately RMB0.3 million for the Year as compared with the gross profit of approximately RMB9.9 million in the preceding year. The gross profit margin decreased to 2.5% for the Year as compared to the gross profit margin of 24.6% in the preceding year as the marketing and promotion expenses of the Group increased significantly during the Year as a result of the Group boost the sales level. The overall operating and administrative expenses increased by approximately 13.7% as compared to the preceding year mainly due to the increase in general research fee for industry trend. Allowance for expected credit loss on trade receivable of approximately RMB1.1 million (2021: RMB1.5 million) was made for the Year due to the slow down of recovery from our property developer clients and more provision is needed to be made. Thus, the loss for the Year attributable to owners of the Company was amounted to approximately RMB14.3 million (2021: the loss of approximately RMB2.9 million recorded).

Regarding the Group's operations during the Year geographically, most of the Group's recorded revenue was generated from projects in Jiangsu Province, followed by Hubei Province and Shanghai City, which represented approximately 79.4%, 17.7% and 2.8% of the Group's total revenue for the Year, respectively. On a comparative basis, for the year ended 31 December 2021, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Hubei Province and Zhejiang Province. Regarding business and products segments, during the Year, the revenue generated from the comprehensive property consultancy and sales agency service business remained a major source of income for the Group and accounted for approximately 88.2% of the total revenue (2021: approximately 97.6%), while the revenue generated from the pure property planning and consultancy business accounted for approximately 11.8% of the total revenue (2021: approximately 2.4%).

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

During the Year, the provision of comprehensive property consultancy and sales agency services for the primary property market in the People's Republic of China (the "**PRC**") was the core business of the Group. In 2022, most of the revenue of the Group was generated from 7 comprehensive property consultancy and sales agency service projects (2021: 11 projects) with approximately 21,573 square meters (2021: approximately 108,826 square meters) of total saleable gross floor areas of the underlying projects. The reported revenue from these comprehensive property consultancy and sales agency service projects for the Year was approximately RMB10,513,000, representing approximately 88.2% of the total revenue of the Group for the Year (2021: approximately RMB39,290,000, representing approximately 97.6% of the total revenue).

The substantial decrease in revenue generated by the Group from the comprehensive property consultancy and sales agency business by approximately 73.2% during the Year as compared with the preceding year was mainly resulted from the decline in demand from the primary property markets in the PRC as a result of the Pandemic and the corresponding preventive and control measures imposed by the local government, including, among other things, lockdowns and travel restrictions in Shanghai and the nearby regions, which in turn affected business operations and local consumption during the Year.

As at 31 December 2022, the Group had 4 comprehensive property consultancy and sales agency service projects on hand with total unsold gross floor areas of approximately 84,000 square meters (2021: approximately 936,000 square meters). Among these 4 projects, sales of the underlying properties of 2 projects on hand have not yet commenced as at 31 December 2022.

The outbreak of the Pandemic has created great uncertainties for the real estate market in the Cambodia, as with the other Southeast Asia countries. The Group's performance in Cambodia during the Year has been significantly affected by the Pandemic, where the revenue recorded from the provision comprehensive property consultancy and sales agency services in Cambodia for the Year was Nil (2021: RMB44,000). This was mainly due to the significant decrease in demand for residential property in Cambodia during the Year, as many of the foreigners and local residents have not returned to Cambodia for work to stay away from the Pandemic outbreak, and the decrease in export orders have caused reduction in foreign investment and the closing down of foreign companies in Cambodia. The Group is evaluating its business plan in Cambodia from time to time as the impact of the Pandemic evolves in Cambodia.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the Year, the Group has provided services for a total of 3 pure property planning and consultancy service projects (2021: 3 projects). The revenue generated from this business segment for the Year increased by approximately 48.2% to approximately RMB1,412,000, representing 11.8% of the total revenue for the year of 2022 (2021: approximately RMB953,000, representing 2.4% of the total revenue).

The increase in revenue from the Group's pure property planning and consultancy business was mainly due to the demand for market consultancy services from the property developers in the PRC.

PROSPECTS AND OUTLOOKS

Looking forward to 2023, it is expected that the domestic policy of "houses are for living, not for speculating" will remain as a principle for the real estate industry. The market has consolidated its foundation and is expected to gradually recover in the second half of 2023. Central and local policies continue to ease, supporting rigid and improving housing demand. Second and third-tier cities have stepped up policy efforts, relaxing the "four restrictions", optimising the adjustments to provident fund policies and extending the housing purchase subsidy policy to boost market confidence. Mortgage rates have been further reduced, and the average interest rate for first-home loans in many places has dropped to a new low in recent years. Local governments implement policies depending on their economic conditions. With the improved financing conditions for real estate enterprises and further support on the supply side, central enterprises, state-owned enterprises and high-quality private enterprises are gradually returning to the right track. Ongoing support for reasonable financing needs with larger supply of credit, bonds and equity has expand financing chains and effectively improved the operating and financing cash flow of real estate enterprises. As transactions at a premium were increasingly common on the land market and private enterprises once again actively participated in land auction transactions, there have been fewer land acquisitions by platforms at floor prices. The allocation of special funds for securing property delivery have been accelerated and is currently in a stage of substantive promotion, which improved demand-side expectations and promoted the healthy development of the market. It is expected that, following the recovery and policy buffer period of around half a year, property transactions in core cities will gradually recover in the third and fourth quarters in 2023, which will drive the recovery of the second and third-tier cities. We believe that, after a volatile year of 2022, the real estate industry, as a pillar industry of the national economy, will gain a new growth momentum and realise a new development in 2023.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had net current assets of approximately RMB15,898,000 (2021: RMB25,634,000), total assets of approximately RMB36,708,000 (2021: RMB44,118,000) and equity attributable to owners of the Company of approximately RMB20,391,000 (2021: RMB34,259,000).

As at 31 December 2022, the fixed bank deposits and bank and cash balances of the Group amounted to approximately RMB6,731,000 (2021: RMB7,667,000), of which were approximately RMB3,237,000 were denominated in Renminbi, RMB1,527,000 were denominated in US dollars and RMB1,967,000 were denominated in Hong Kong dollars.

BANK BORROWINGS AND OVERDRAFTS

The Group had no bank borrowings or overdrafts as at 31 December 2022 (2021: Nil).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 31 December 2022, the Group did not have any short term borrowing (2021: Nil) and had long term borrowing of RMB8,000,000 (2021: RMB5,000,000) which will mature on 31 December 2026.

As at 31 December 2022, the Group had total borrowing of RMB8,000,000, which was unsecured. The gearing ratio of the Group (calculated on the basis of total bank and other borrowings over total equity) was 39.2% (2021: 14.6%).

As at 31 December 2022, there was no charge over any assets of the Group.

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances and other borrowings with floating interest rate, as the Group had no bank borrowings as at 31 December 2022 (2021: Nil).

STAFF AND THE GROUP'S EMOLUMENT POLICY

As at 31 December 2022, the Group had a total of 80 staff (2021: 101 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB6,520,000 (2021: RMB8,112,000) during the year ended 31 December 2022.

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (2021: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2022 (2021: Nil).

USE OF PROCEEDS FROM THE COMPANY'S RIGHTS ISSUE

In November 2015, the Company raised net proceeds of approximately HK$33.3 million by way of rights issue (the "**Rights Issue**"). For details of the Rights Issue, please refer to the Company's announcements dated 1 September 2015, 16 November 2015 and 8 March 2021, and the Company's prospectus dated 26 October 2015.

The Directors resolved on 8 March 2021 to re-allocate the designated use of the unutilised proceeds from the Rights Issue (the "**Reallocation**"). Please refer to the Company's announcement dated 8 March 2021 for details of the Reallocation. As at 31 December 2022, total net proceeds from the Rights Issue has been utilised.

CLOSURE OF REGISTER OF MEMBERS

To ascertain Shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on 23 June 2023, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company's branch share registrar and transfer office in Hong Kong, for registration no later than 4:30 p.m. on Monday, 16 June 2023.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

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

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Listing Rules. Save for the deviation from code provision C.2.1 of the CG Code in force during the year ended 31 December 2022 as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2022.

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct during the year ended 31 December 2022.

IMPORTANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The Directors are not aware of any important events affecting the Group that have occurred since the end of the year ended 31 December 2022 and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

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

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

During the Year, the Audit Committee met with the external auditor to review and approve the audit plans and also reviewed the Group's annual results of 2021 and interim results of 2022 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 2022. The Audit Committee convened three meetings during the year ended 31 December 2022.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of this announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's independent auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements and the related notes thereto for the year ended 31 December 2022. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently, no assurance has been expressed by Confucius International CPA Limited on this preliminary announcement.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk). The 2022 Annual Report will be dispatched to the shareholders of the Company and will be made available on the website of the Company and the Stock Exchange in due course.

2023 ANNUAL GENERAL MEETING

It is proposed that the 2023 Annual General Meeting (the "**2023 AGM**") will be held on Friday, 23 June 2023. A notice convening the 2023 AGM will be published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk) and will be dispatched to the shareholders of the Company accordingly.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin; the non-executive Director is Ms. Lin Chien Ju; and the independent non-executive Directors are Mr. Cui Shi Wei, Mr. Lam Chun Choi and Mr. Chow Yiu Ming.