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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: 00352)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Fortune Sun (China) Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**period under review**” or the “**period**”) together with the comparative figures for 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
	Notes	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4	7,853	6,502
Cost of services rendered		(6,550)	(5,452)
Gross profit		1,303	1,050
Investment income and other gains and losses		598	308
Operating and administrative expenses		(5,640)	(5,278)
Finance cost		(51)	(6)
Loss before tax		(3,790)	(3,926)
Income tax expense	5	–	–
Loss for the period attributable to the owners of the Company	6	(3,790)	(3,926)
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share	8		
Basic		(1.54)	(1.59)
Diluted		(1.54)	(1.59)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	<u>(3,790)</u>	<u>(3,926)</u>
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>57</u>	<u>290</u>
Other comprehensive income for the period, net of tax	<u>57</u>	<u>290</u>
Total comprehensive expense for the period attributable to the owners of the Company	<u><u>(3,733)</u></u>	<u><u>(3,636)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		482	706
Right-of-use assets		2,573	2,793
Investment properties		11,218	11,350
		14,273	14,849
Current assets			
Trade receivables	9	7,230	8,558
Trade deposits	10	–	300
Prepayments and other deposits		879	787
Other receivables		587	975
Financial assets at fair value through profit or loss		4,508	4,508
Bank and cash balances		5,071	6,731
		18,275	21,859
Current liabilities			
Accruals and other payables		5,136	5,471
Lease liabilities		490	490
		5,626	5,961
Net current assets		12,649	15,898
Total assets less current liabilities		26,922	30,747
Non-current liability			
Lease liabilities		2,164	2,356
Loan from a related company		8,100	8,000
		10,264	10,356
NET ASSETS		16,658	20,391
Capital and reserves			
Share capital		24,394	24,394
Reserves		(7,736)	(4,003)
TOTAL EQUITY		16,658	20,391

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements should be read in conjunction with the 2022 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

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

In the current period, the Group has adopted all the new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); HKAS; and its Interpretations.

3. CHANGES IN HKFRSs

The HKICPA has issued a number of new and amended HKFRSs that are first effective for the current accounting period of the Group.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of amended HKFRSs effective for the annual periods beginning on or after 1 January 2023.

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

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in providing property consultancy and sales agency services for the property markets in the People's Republic of China (the "PRC"), which is the reportable segment of the Group. Revenue during the period under review and disaggregation of revenue from contracts with customers are as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets		
PRC	7,630	6,293
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets		
PRC	223	209
	<u>7,853</u>	<u>6,502</u>

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

	30 June	31 December
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Trade receivables	<u>7,230</u>	<u>8,558</u>

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

The accounting policies of the operating segment are same as those described in the Group's consolidated financial statements for the year ended 31 December 2022.

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period under review and the corresponding period last year.

No PRC Enterprise Income Tax has been incurred in both periods as the relevant group entities had no assessable profit for both periods.

No provision for Tax on Profit in the subsidiary of the Company in Cambodia has been made as the subsidiary incurred a loss for both periods.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Auditor's remuneration	160	160
Interest income	(109)	(18)
Depreciation of property, plant and equipment	22	117
Depreciation of right-of-use assets	220	62
Depreciation of investment properties	132	132
Gross rental income from investment properties less direct outgoing of RMB Nil (2022: RMB Nil)	(223)	(125)
Reversal of allowance for – Trade receivables	(537)	(94)
	<u>160</u>	<u>160</u>

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period under review (six months ended 30 June 2022: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB3,790,000 (six months ended 30 June 2022: RMB3,926,000) and the number of ordinary shares of 246,183,390 (six months ended 30 June 2022: 246,183,390) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the respective periods ended 30 June 2023 and 30 June 2022.

9. TRADE RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	Trade receivables	9,806
Less: Allowance for credit loss	(2,576)	(3,113)
	<u>7,230</u>	<u>8,558</u>

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 90 days	3,276	3,395
91 to 180 days	422	993
181 to 365 days	1,128	1,200
1 to 2 years	2,393	2,950
Over 2 years	11	20
	<u>7,230</u>	<u>8,558</u>

10. TRADE DEPOSITS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade deposits	–	300
Less: Allowance for credit loss	–	–
	<u>–</u>	<u>300</u>

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.

Based on the payment date, aging analysis of the Group's trade deposits (net of allowance) at the end of the reporting period, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Over 1 year	–	300

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, the Chinese economy showed a recovery growth trend, followed by a downturn after the upsurge. After the lifting of the pandemic control restrictions, all kinds of socio-economic activities had resumed, and demand had strengthened, further driving economic growth. But since March 2023, a lack of confidence in the Chinese economy and the real estate market, coupled with the impact of macroeconomic factors, such as the continuous increase of US dollar interest rate, has led to a slower recovery and a weakened growth in the global economy. Due to the change of the economic situation, various pro-growth policies were successively implemented, of which monetary policies and fiscal policies continuously exerted their full influence to increase market liquidity and optimize tax relief policies. Furthermore, consumer spending promotion policies had also been implemented during the period under review.

In line with the economic development of the People's Republic of China (the "PRC"), the real estate market experienced a slow down after a robust development in the first half of 2023, with the overall situation weakening after the rebound and the lack of confidence became the key to the difficulty in turning around the market. In the first quarter, due to the release of suppressed demand during the pandemic and the overall relaxation of policy, the real estate industry ushered in a "little boom" alongside the rebounding economy. However, in the second quarter, with the weakened recovery of economy, the growth rate of various economic development indicators fell. The real estate market recovery slowed, the growth momentum declined, the expectations of property purchase from residents weakened and the investment in real estate development and new construction projects fell, and statistics of sales area and other data decreased. The investment in real estate development in the PRC during the period under review was RMB5,855.0 billion, representing a year-on-year decrease of 7.9%; in addition, the construction area operated by property developers amounted to 7,915.48 million square meters, representing a year-on-year decrease of 6.6%. The commercial housing sales area was 595.15 million square meters, representing a year-on-year decrease of 5.3%, of which the sales area of residential units decreased by 2.8%.

In terms of policies, the national policies on real estate have continued to be relaxed, maintaining the trend from 2022. In the first half of 2023, through giving many positive indications, the central government clarified the pillar position of the real estate industry and attached great importance to risk prevention in the real estate market to steadily guide recovery of market expectations, and adoption of city-specific policies to meet people's demand for buying their first home and improving their housing situation, guaranteeing the delivery of properties, protecting the interests of the home buyers livelihood and maintaining stability. In terms of time frame, the policies continued to relax in the first quarter, while local policies lowered in frequency and intensity in the second quarter. The policies involve aspects of provident fund support policy, distributing home purchase subsidies, optimizing purchase limits, "transfer of ownership with mortgage (帶押過戶)" and changes to home mortgage rates. Specifically, the home-purchase and sales restriction policies have been gradually

relaxed in Xiamen, Zhengzhou, Hefei, Nanjing, Changsha and other places; provident fund policies have been optimized in Guangzhou, Nanjing, Zhengzhou and Tianjin; credit policies have been adjusted in Foshan, Dalian and Shenyang; local governments of Shijiazhuang and Ningbo increased talent attraction efforts to meet reasonable housing purchase demand from residents; and property resumption compensation with housing vouchers schemes have been implemented in Nanchang, Lianyungang and Taizhou. The positive impact of those easing policies on market has yet to fully materialise, and it will take some time to turn around the downward trend of market.

In the land market, the overall performance was relatively weak during the period under review. Both transferred land area and transaction area declined: from the perspective of residential land, there was a total of 4,854 cases of land transfer in the first half of the year, and with a total planned gross floor area of 262.37 million square meters, representing a year-on-year decrease of 30% and 37%, respectively, and the original land supply plan of many cities has not been completed. The real estate enterprises are still keen to set up operations in core first and second-tier cities, resulting in obvious “local increase” in land markets, so market segregation still persists. The land auction in first-tier cities performed better, with a slight decline on a year-on-year basis in transferred land area and transaction area and a higher growth in price of the floor area of land transactions and average premium price, while third and fourth-tier cities performed worse. The launch of land sites by local governments showed characteristics of “small-quantity and multi-batch” with little change in aggregate area supplied. On the one hand, enterprises focused on increasing sales results and ensuring delivery of completed properties; on the other hand, under the lack of confidence in the market, governments launched land sites in small-quantity and in multi-batches, which can alleviate the pressure of enterprises bidding and provide more flexibility on enterprises’ funds to reduce capital pressure in short term. Among the 22 cities which implemented centralized land supply policies, a new change is that the private enterprises are proactive in land acquisition, accounting for 40% of the total transactions, of which private enterprises located in Hangzhou, Chengdu and Hefei were prominent.

During the period under review, the Group recorded revenue of approximately RMB7.9 million, representing a significant increase of approximately 20.8% as compared with approximately RMB6.5 million recorded for the corresponding period of last year. Such increase was mainly due to the increase in revenue generated from the comprehensive property consultancy and sales agency service projects of the Group in the PRC by approximately RMB1.3 million to approximately RMB7.6 million for the period under review as compared with approximately RMB6.3 million recorded for the corresponding period in the preceding year for reasons further explained in the paragraph headed “comprehensive property consultancy and sales agency business” below. Revenue from the pure property planning and consultancy projects of the Group increased during the period under review by approximately RMB14,000 to approximately RMB223,000 as compared with approximately RMB209,000 for 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 RMB1.30 million for the period under review as compared with approximately RMB1.05 million in the corresponding period in the previous year. Such increase was mainly resulted from the improvement in demand from the primary property markets in the PRC as a result of the recovery from the pandemic in the first quarter of 2023. The overall operating and administrative expenses only slightly increased by approximately 6.8% as a result of the tight cost saving policy implemented by the Group during the period under review.

Thus, the Group recorded a net loss of approximately RMB3.8 million for the period under review as compared with a net loss of approximately RMB3.9 million in the corresponding period in the previous year.

Regarding the Group's operations during the period under review in a geographical sense, most of the Group's revenue recorded in the PRC was generated from projects in Jiangsu Province, followed by Zhejiang Province and Shanghai city, which represented approximately 84.1%, 13.6% and 2.1% of the Group's total revenue, respectively. On a comparative basis, in the corresponding period of 2022, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, Hubei Province and Zhejiang Province which represented approximately 63.0%, 29.6% and 7.4% of the Group's total revenue, respectively. Regarding business segments, during the period under review, the revenue generated from the comprehensive property consultancy and sales agency service business segment remained a major source of income for the Group and accounted for approximately 97.2% of the Group's total revenue (for the six months ended 30 June 2022: approximately 96.8%), while the revenue generated from the pure property planning and consultancy business segment accounted for approximately 2.8% of the Group's total revenue (for the six months ended 30 June 2022: approximately 3.2%).

COMPREHENSIVE PROPERTY CONSULTANCY AND SALES AGENCY BUSINESS

The Group principally provides comprehensive property consultancy and sales agency services for the properties markets with the majority of business in the PRC. During the period under review, the Group had managed 6 comprehensive property consultancy and sales agency service projects (for the six months ended 30 June 2022: 9 projects) in the PRC. The total gross floor area of the underlying properties sold by the Group acting as the agent during period under review was approximately 11,000 square meters (for the six months ended 30 June 2022: 12,200 square meters) in the PRC.

The unaudited total revenue from such comprehensive property consultancy and sales agency service projects for the period under review was approximately RMB7.6 million (for the six months ended 30 June 2022: approximately RMB6.3 million), representing an increase by approximately 20.8% as compared with the corresponding period in 2022. The increase in revenue from comprehensive property consultancy and sales agency service projects mainly resulted from the improvement in demand from the primary property markets in the PRC as a result of the recovery from the pandemic in the first quarter of 2023 as discussed above.

As at 30 June 2023, the Group had 3 comprehensive property consultancy and sales agency service projects on hand (30 June 2022: 6 projects) with a total unsold gross floor area of approximately 40,000 square meters (30 June 2022: approximately 250,000 square meters). As at 30 June 2023, all projects had commenced the sales.

PURE PROPERTY PLANNING AND CONSULTANCY BUSINESS

During the period under review, the Group has continued to operate its pure property planning and consultancy business in the PRC. For the six months ended 30 June 2023, the Group provided pure property planning and consultancy services for 2 property development projects (the six months ended 30 June 2022: 2 projects), which generated an aggregate revenue of approximately RMB223,000, representing approximately 2.8% of the unaudited total revenue of the Group (the six months ended 30 June 2022: revenue of approximately RMB209,000, representing approximately 3.2% of the unaudited total revenue of the Group).

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

PROSPECTS AND OUTLOOKS

Looking forward to the second half of the year, in respect of policies, a number of policies to stabilize the economy will continue to be implemented and promoted, and the industrial structure will be optimized continuously. Regional development is expected to show a coordinated trend, and the PRC's overall economy will maintain steady growth. In respect of real estate market, the further implementation of the prior housing policies and the continued relaxation of subsequent housing policies will continue to provide a relatively loose policy supportive environment for the real estate industry. A strong, nationally-unified stimulus may not occur again, but implementation of a series of supporting policies will be accelerated: from the city-specific policies perspective, there is the possibility in core first and second-tier cities to optimize the strategy of one policy for one district; demand-side policies will continue to focus on reducing the threshold and cost of property purchases; on the enterprise-side, it is expected that the financial support policy will continue to be implemented; and the funds and supporting policies of "guaranteeing the delivery of properties" will also bear higher growth potential. If the home-purchase restriction in core first and second-tier cities is eased substantially, it will play a better role in driving market sentiment. If mortgage rates for second house are reduced, combined with measures such as "grant of loans based on buyers' houses (認房不認貸)" and tax exemption of improved housing replacement, it will precisely release a portion of demand for improving housing situations. Under an array of pro-growth policies, residents' ability and willingness on property purchases are expected to enhance marginally, thereby driving a mild pick up in the sales of commercial housing. It is expected that the real estate market may show slow recovery during the year, and the annual residential sales are expected to achieve a slight positive growth. The overall housing prices will gradually stabilize, and the structure of supply and demand in the land market will improve.

As for the Group's future development in Cambodia, the Group will continue evaluating its business plan in Cambodia from time to time as the impact of the pandemic evolves in Cambodia.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had unaudited net current assets of approximately RMB12.6 million (31 December 2022: approximately RMB15.9 million), unaudited total assets of approximately RMB32.5 million (31 December 2022: approximately RMB36.7 million) and unaudited shareholders' funds of approximately RMB16.7 million (31 December 2022: approximately RMB20.4 million). The current ratio (calculated by dividing total current assets with total current liabilities) decreased from 3.66 as at 31 December 2022 to 3.25 as at 30 June 2023.

As at 30 June 2023, the unaudited bank deposits and bank and cash balances of the Group are denominated in Renminbi and Hong Kong Dollars and amounted to approximately RMB5.1 million (31 December 2022: approximately RMB6.7 million).

INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2023, the Group did not have any short term borrowing (31 December 2022: Nil) and had long term borrowing of RMB8.1 million (31 December 2022: RMB8.0 million) which were denominated in Renminbi and will mature in 31 December 2026.

The Group had no bank borrowings or overdrafts as at 30 June 2023 (31 December 2022: Nil).

As at 30 June 2023, the gearing ratio (calculated on the basis of total borrowings over total equity) of the Group was 48.6% (31 December 2022: 39.2%).

As at 30 June 2023, the Group had no charge on assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during period under review.

EVENTS AFTER THE REPORTING PERIOD

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

FOREIGN EXCHANGE RISKS

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

INTEREST RATE RISKS

The Group did not carry any bank borrowings which are exposed to interest rate risk during the period under review.

The Group's exposure to interest rate risk mainly stemmed from fluctuations of interest rates for the Group's bank balances and other borrowings with floating interest rate, as the Group had no bank borrowings.

MAJOR INVESTMENTS

The Group had no material investments as at 30 June 2023. As at the date of this announcement, the Group has no future plans for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 30 June 2023 (31 December 2022: Nil).

STAFF AND GROUP'S EMOLUMENT POLICY

As at 30 June 2023, the Group had a total of 53 staff (31 December 2022: 80 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB2.7 million (for the six months ended 30 June 2022: RMB2.9 million) during the six months ended 30 June 2023.

The emolument policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies, which are reviewed regularly by the management of the Group. The Company has adopted a share option scheme pursuant to the resolutions passed by the shareholders of the Company on 17 June 2016 for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, for their contribution to the Group.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2023.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the printing of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix 14 to the Listing Rules. Save for the deviation from code provision C.2.1 of the CG Code as disclosed below, the Directors consider that the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2023.

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

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Company’s code of conduct during the six months ended 30 June 2023.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference pursuant to the requirements of the CG Code and Rule 3.21 of the Listing Rules. The Audit Committee comprises all three existing independent non-executive Directors, namely Mr. Chow Yiu Ming, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Chow Yiu Ming is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements and this announcement of the Group for the six months ended 30 June 2023 including the accounting, internal control and financial reporting issues. The Audit Committee did not have any disagreement on the accounting treatment adopted by the Group in its unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 were approved by the Board on 31 August 2023.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement is published on the Company’s website (www.fortune-sun.com) and the Stock Exchange’s website (www.hkexnews.hk). The 2023 interim 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.

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

Hong Kong, 31 August 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.