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 2024

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 2024 (the "**Year**") together with the comparative figures for 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	4	**1,350**	8,966
Cost of sales		**(1,829)**	(9,217)
Gross loss		**(479)**	(251)
Investment income and other gains and (losses), net	5	**677**	1,833
Operating and administrative expenses		**(7,711)**	(10,602)
Finance cost	6	**(83)**	(105)
Loss before tax		**(7,596)**	(9,125)
Income tax expense	8	**–**	–
Loss for the year attributable to owners of the Company	9	**(7,596)**	(9,125)
		RMB cents	*RMB cents*
Loss per share	11		
– Basic		**(3.09)**	(3.71)
– Diluted		**(3.09)**	(3.71)

	2024 *RMB'000*	2023 *RMB'000*
Loss for the year	**(7,596)**	(9,125)
Other comprehensive income (expense):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**64**	(29)
Other comprehensive income (expense) for the year, net of tax	**64**	(29)
Total comprehensive expense for the year attributable to owners of the Company	**(7,532)**	(9,154)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Non-current assets			
Property, plant and equipment		**505**	597
Right-of-use assets		**1,756**	2,250
Investment properties	12	**9,743**	10,354
		12,004	13,201
Current assets			
Trade receivables	13	**1,412**	2,060
Prepayments and other deposits		**600**	843
Other receivables		**97**	368
Financial assets at fair value through profit or loss		**10,000**	3,126
Bank balances and cash		**3,489**	6,384
		15,598	12,781
Current liabilities			
Accruals and other payables		**4,000**	4,289
Lease liabilities		**434**	459
		4,434	4,748
Net current assets		**11,164**	8,033
Total assets less current liabilities		**23,168**	21,234
Non-current liabilities			
Lease liabilities		**1,463**	1,897
Loan from a related company	14	**18,000**	8,100
		19,463	9,997
Net assets		**3,705**	11,237

	2024	2023
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**24,394**	24,394
Reserves	**(20,689)**	(13,157)
Total equity attributable to owners of the Company	**3,705**	11,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 80, 8/F, Woon Lee Commercial Building, 7–9 Austin Avenue, 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amendments to HKFRSs that became effective on 1 January 2024

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

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

The application of the new and 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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]
HKFRSs Amendments	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

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:

	2024	2023
	RMB'000	*RMB'000*
Comprehensive property consultancy and sales agency service projects, recognised at a point in time		
Primary geographical markets:		
PRC	**623**	7,671
Pure property planning and consultancy service projects, recognised over time		
Primary geographical markets:		
PRC	**727**	1,295
	1,350	8,966

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

	2024	2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**115**	56
(Loss) gain on disposal of property, plant and equipment	**(2)**	129
Gain on disposal of investment properties	**529**	1,864
Gain on early termination of lease	**2**	–
Net exchange loss	**(17)**	(8)
Allowance for expected credit loss ("**ECL**") on trade receivables, net	**(438)**	(1,462)
Fair value gain on financial assets at fair value through profit or loss	**–**	36
Realised gain on disposal of financial assets at fair value through profit or loss	**25**	10
Government grants *(Note a)*	**18**	93
Recovery of judgement sum *(Note b)*	**–**	693
Sundry income	**49**	19
	281	1,430
Gross rental income from investment properties	**396**	403
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**–**	–
Direct operating expenses incurred for investment properties that did not generate rental income during the year	**–**	–
	396	403
	677	1,833

Notes:

(a) During the current year, the Group recognised government grants of RMB18,000 (2023: RMB93,000) directly provided by the PRC government.

(b) During the year ended 31 December 2023, the Group had recovered judgement sum as result of the court judgement against vendors, former customers of the Group.

6. FINANCE COST

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**83**	105

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 engaged in property related business, including 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, including investment properties, 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

Revenue from customers of the corresponding years who contributed over 10% of total revenue of the Group are as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**727**	6,279
Customer B	**278**	950
Customer C	**243**	N/A[(i)]

(i) The corresponding revenue did not contribute over 10% of the Group's revenue.

Saved as disclosed above, no other single customer contributed 10% or more to the Group's revenue.

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is made since the Company had no assessable profit for both years.

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% (2023: 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% (2023: 20%).

The reconciliation between the income tax expense and the loss before tax for the year multiplied by the PRC enterprise income tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(7,596)**	(9,125)
Tax at the domestic income tax rate of 25% (2023: 25%)	**(1,899)**	(2,281)
Tax effect of income that is not taxable for tax purposes	**(97)**	(135)
Tax effect of expenses that are not deductible for tax purposes	**770**	1,266
Tax effect of tax losses not recognised	**1,056**	843
Utilisation of tax losses previously not recognised	**–**	–
Tax effect of different tax rates in other tax jurisdictions	**170**	307
Income tax expense	**–**	–

9. LOSS FOR THE YEAR

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

	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration	**320**	380
Depreciation of property, plant and equipment	**90**	90
Depreciation of investment properties	**246**	272
Depreciation of right-of-use assets	**457**	543
Loss (gain) on disposal of property, plant and equipment	**2**	(129)
Net exchange loss	**17**	8
Allowance for ECL on trade receivables, net	**438**	1,462
Gross rental income from investment properties	**(396)**	(403)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**–**	–
Direct operating expenses incurred for investment properties that did not generate rental income during the year	**–**	–
Net rental income	**(396)**	(403)

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: 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 RMB7,596,000 (2023: loss of RMB9,125,000) and the number of ordinary shares of 246,183,390 (2023: 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. Therefore, diluted loss per share is the same as the basic loss per share for the years ended 31 December 2024 and 2023.

12. INVESTMENT PROPERTIES

During the year ended 31 December 2024, depreciation of investment properties was approximately RMB246,000 (2023: RMB272,000).

At the same time, investment properties with carrying value of RMB365,000 (2023: RMB725,000) were disposed of resulting in a gain on disposal of RMB529,000 (2023: RMB1,864,000).

13. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**6,460**	6,653
Less: Allowance for ECL	**(5,048)**	(4,593)
	1,412	2,060

The average credit period granted to customers is 90 days. The Group seeks to maintain strict control over its outstanding receivables. Allowance for ECL 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 ECL is as follows:

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**279**	561
91 to 180 days	**9**	220
181 to 365 days	**18**	697
1 to 2 years	**680**	451
Over 2 years	**426**	131
	1,412	2,060

Reconciliation of allowance for ECL:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**4,593**	3,113
Allowance for ECL for the year	**438**	1,462
Exchange	**17**	18
At 31 December	**5,048**	4,593

At the end of the reporting period, the Group reviewed trade receivables for evidence of impairment on both individual and collective basis. Allowance for ECL recognised for 2024 and 2023 on trade receivables from customers which are mainly 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 2024, trade receivables of approximately RMB1,133,000 (2023: RMB1,499,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2024	2023
	RMB'000	*RMB'000*
Past due but not impaired:		
Within 3 months	**9**	220
3 to 9 months	**18**	697
9 to 21 months	**680**	451
More than 21 months	**426**	131
	1,133	1,499

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. LOAN FROM A RELATED COMPANY

The loan is unsecured, bears interest at 2.5% per annum and will mature on 31 December 2027 (2023: The loan is unsecured, non-interest bearing and will mature on 31 December 2026). The related company is owned by a director of the Company.

BUSINESS REVIEW

Market Overview: Persistent Decline, Ongoing Adjustment

In 2024, China's real estate market underwent significant adjustments, remaining in a deep downturn with weak signs of recovery. The total transaction value of residential land in 40 major cities dropped by 26.35% year-on-year (compared to a 24.17% decline in 2023), while the transaction area of newly built residential properties in 31 cities fell by 18.46% year-on-year (compared to just a 1.42% decline in 2023).

Throughout the first three quarters, new home sales remained sluggish. Although the second-hand housing market managed to sustain some transaction volume through "price-for-volume" strategies, the market cooled again after September, with buyer hesitation intensifying and transaction activity weakening.

Policy Interventions: Short-Term Boost, Uncertain Long-Term Effects

To counter the persistent downturn, the Politburo meeting on 26 September 2024 emphasized the need to "stabilize and restore the real estate market," signaling the strongest policy support to date, in an attempt to improve the industry's underlying conditions. However, due to fragile market confidence, these measures did not yield immediate results. While both new and second-hand home transactions saw some recovery in Q4, overall activity remained at historically low levels. In key cities, second-hand housing prices only temporarily stabilized, with no signs of a comprehensive rebound.

The December Politburo meeting and Central Economic Work Conference reiterated the importance of stabilizing the housing market, reflecting the government's deep concerns. However, market confidence remained weak, and the prolonged downturn in the real estate sector has yet to be reversed.

Market Data: Falling Transactions, Deepening Industry Decline

In 2024, the total sales area of new commercial housing nationwide was 973.85 million square meters, marking a 12.9% year-on-year decline. Residential property sales fell by 14.1%, while total sales revenue for new commercial housing reached RMB9.675 trillion, down 17.1% year-on-year. Residential property sales revenue dropped by 17.6%.

Historical data shows that after the 2016–2021 boom period, the real estate market has been in continuous decline for three consecutive years (2022–2024). The scale and duration of this adjustment have exceeded expectations, indicating that the industry is undergoing a deep structural recession.

The prolonged market downturn is linked not only to macroeconomic adjustments but also to the real estate sector reaching a mature stage with long-term demand weakening. The continuous decline in housing prices has exacerbated market anxiety, causing buyers to hold off on purchases, creating a vicious cycle that further suppresses transaction volumes. Meanwhile, debt issues among real estate enterprises have worsened, liquidity crises have intensified, and some developers have faced cash flow breakdowns, making debt resolution increasingly difficult and deteriorating the industry's overall credit environment.

Although the 2024Q4 policy stimulus led to a temporary improvement in market indicators, new home sales remain at historically low levels, far from a full recovery. Financing conditions for developers remain tight, local governments face fiscal pressure from declining land sales, and high inventory levels continue to pose risks to future market adjustments.

City-Level Market Performance: First-Tier Cities Show Short-Term Recovery, Second- and Third-Tier Cities Struggle

Market performance varied significantly across different city tiers. First-tier cities benefited from policy support and showed a relatively faster recovery, with a smaller decline in new home sales. However, second- and third-tier cities remained stuck in a prolonged adjustment phase, with growing inventory pressure and continued price declines. Nationally, the 100 major cities saw new home transaction areas drop by 19% year-on-year, highlighting weak demand.

While 2024Q4 saw a more than 10% year-on-year increase in transaction volume across different city tiers, this was mainly driven by policy stimulus rather than organic market recovery, raising doubts about the market's ability to sustain growth independently.

Performance of Cities which the Group operated: Nantong, Yancheng, and Huzhou

Nantong: Falling Prices, Rising Inventory Pressure

In 2024, Nantong's housing market remained stagnant, relying on "price-for-volume" strategies to sustain sales, and the average transaction price continued to decline. New supply in the city reached 1.0367 million square meters, a 63.98% year-on-year increase. However, demand failed to keep up, with total transactions at just 747,800 square meters, a slight 0.6% decline year-on-year.

Average home prices fell to RMB19,052 per square meter, marking a 12.34% decline year-on-year, indicating intensified downward pressure.

Inventory levels continued to rise. As of December 2024, the total unsold housing inventory in Nantong stood at 23,000 units, an increase of approximately 2,000 units from the previous year. With an average monthly absorption rate of 468 units, the estimated sell-through period extended to 49 months, making inventory clearance increasingly difficult. The oversupply situation further pressured housing prices, keeping market sentiment pessimistic.

Yancheng: Stable Sales, but Excessive Inventory

Yancheng's housing market in 2024 maintained similar transaction levels to 2023, but structural issues remained significant. While government stimulus helped boost sales in 2024Q4, total new home transactions for the year reached 8,103 units, with a total area of 988,400 square meters. Among them, 5,524 units were ordinary residential properties, covering 711,400 square meters, indicating weak underlying demand.

Inventory pressure remained severe. By the end of 2024, the narrow-definition inventory reached 2.63 million square meters, with a sell-through period of 47 months. More concerning was the broad-definition inventory, which stood at 16.78 million square meters, requiring 301 months (25 years) to fully absorb. While narrow-definition inventory showed some reduction in the second half of the year, broad-definition inventory continued to rise, indicating that market adjustments are far from over and that housing prices still face significant downside risks.

Huzhou: Shrinking Market, Sharp Decline in Sales

Huzhou's real estate market experienced a deep recession in 2024, with severely insufficient demand. According to Huzhou Statistics Bureau data, the total transaction area for commercial housing was 2.959 million square meters, a 21.5% decline year-on-year. Residential property transactions reached 2.569 million square meters, down 16.7%.

The city center market also struggled, with total commercial property transactions at 1.666 million square meters, a 14.2% year-on-year decline. As the market continued to contract, buyer hesitation intensified, making it increasingly difficult for developers to recover funds. The downward trend has yet to bottom out.

In terms of overseas business development, the COVID-19 pandemic (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 RMB1.4 million (2023: RMB9.0 million), representing a substantial decrease by approximately 84.4% as compared to the revenue recorded for the preceding year. Such decrease was mainly due to the decrease in revenue generated from comprehensive property consultancy and sales agency business of the Group by approximately RMB7.0 million, representing a decrease by approximately 91.9%, 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 decreased during the Year by approximately RMB0.6 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 loss of approximately RMB0.5 million for the Year as compared with the gross loss of approximately RMB0.3 million in the preceding year. The gross loss incurred as the marketing and promotion expenses of the Group remained more or less the same throughout the Year as a result of the Group's efforts to boost the sales level. The overall operating and administrative expenses decreased by approximately 27.2% as compared to the preceding year mainly due to the tighten cost control policy adopted. Allowance for expected credit loss on trade receivable of approximately RMB0.4 million (2023: 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 amounted to approximately RMB7.6 million (2023: the loss of approximately RMB9.1 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 Zhejiang Province, which represented approximately 59.9% and 40.1% of the Group's total revenue for the Year, respectively. On a comparative basis, for the year ended 31 December 2023, the Group's recorded revenue was mainly generated from projects in Jiangsu Province, followed by Zhejiang Province and Shanghai City. 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 46.2% of the total revenue (2023: approximately 85.6%), while the revenue generated from the pure property planning and consultancy business accounted for approximately 53.8% of the total revenue (2023: approximately 14.4%).

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 2024, most of the revenue of the Group was generated from 3 comprehensive property consultancy and sales agency service projects (2023: 4 projects) with approximately 1,170 square meters (2023: approximately 12,771 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 RMB623,000, representing approximately 46.2% of the total revenue of the Group for the Year (2023: approximately RMB7,671,000, representing approximately 85.6% of the total revenue).

The substantial decrease in revenue generated by the Group from the comprehensive property consultancy and sales agency business by approximately 91.9% 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 due to the overall sluggish PRC economy in 2024.

As at 31 December 2024, the Group had 1 comprehensive property consultancy and sales agency service project on hand with total unsold gross floor areas of approximately 2,000 square meters (2023: approximately 25,000 square meters), and the sales had already commenced as at 31 December 2024.

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 (2023: Nil). 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 only 1 pure property planning and consultancy service project (2023: 4 projects). The revenue generated from this business segment for the Year decreased by approximately 43.9%, or approximately RMB568,000 to RMB727,000, representing 53.8% of the total revenue for the Year (2023: approximately RMB1,295,000, representing 14.4% of the total revenue).

The decrease in revenue from the Group's pure property planning and consultancy business was mainly due to the demand decline for market consultancy services from the property developers in the PRC mainly resulting from the stagnant PRC real estate market.

PROSPECTS AND OUTLOOKS

In 2024, the real estate market experienced one of its worst years in recent times, remaining deeply entrenched in a period of adjustment with only weak signs of recovery. Despite the government's frequent introduction of policies aimed at stabilizing the real estate market, market confidence has not fundamentally recovered, and buyers remain hesitant.

The impact of these policies was more apparent in first-tier cities, particularly in Q4, when transaction volumes saw a brief surge. However, in third-tier cities such as Nantong, Yancheng, and Huzhou, the effects of these policies were minimal, and market conditions remained sluggish. Throughout 2024, sales in third-tier cities declined significantly, inventories increased sharply, housing prices came under pressure, and the time needed to clear unsold properties continued to lengthen, making future market recovery uncertain.

A more pressing concern is the economic downturn, which has directly affected household income growth. In some cases, household incomes have even declined, further weakening purchasing power and reducing homebuying demand. With consumer confidence at an all-time low, the market's bottoming-out process may take longer than expected, and a noticeable recovery in the short term remains unlikely.

2025 Outlook: Ongoing Adjustments and an Uncertain Recovery

Looking ahead to 2025, the real estate market is expected to remain in a phase of alternating adjustment and recovery, with a long and uncertain path to stabilization. Policies are likely to remain accommodative, with the government expected to introduce additional demand-side stimulus measures and supply-side optimizations to support the market. However, given the weak growth in household incomes, low buyer confidence, and unresolved debt issues among developers, the effectiveness of these policies remains uncertain.

Although policy measures aimed at stabilizing the market may be implemented more rapidly, the recovery process will still be challenging. Weak demand is unlikely to be reversed in the short term, and downward pressure on housing prices will persist. Overall, while the real estate market in 2025 may gradually stabilize, a full recovery remains distant. The industry will continue to face high inventory levels, debt resolution challenges, and the need to rebuild consumer confidence. The golden era of the real estate sector has officially ended, and the market is now transitioning into a long-term adjustment phase, shifting from a period of rapid expansion to one of steady development.

Future Development: Exploring Asset-Light Management and New Growth Areas

Amidst the industry-wide transformation, the company must adapt to market trends and explore new business models. One key focus area is asset-light management and operations, which could help diversify revenue streams and reduce reliance on traditional real estate sales.

In 2024Q4, Shanghai's Grade A office vacancy rate slightly increased to 19.6%, while rental prices dropped 1.2% to RMB6.54 sqm/day, indicating that the market remains in a declining trend. The company has closely monitored these changes and has conducted preliminary assessments of asset management opportunities for vacant office spaces. In 2024Q3, the company initiated market research in Shanghai's core areas and began preliminary discussions with owners of vacant office spaces to identify new business growth opportunities.

However, it is important to note that the asset management business primarily generates cash flow but has limited profit margins. While this strategy can help alleviate short-term financial pressures, it does not offer high returns. Therefore, the company must proceed cautiously, avoiding overexpansion and ensuring a solid return on investment.

Market Remains Sluggish, Short-Term Recovery Unlikely

Overall, the real estate market in 2024 remained in a deep adjustment period, with weak demand, limited policy effectiveness, and subdued buyer confidence. Meanwhile, competition in the real estate agency sector intensified, and traditional agency models faced significant challenges, making a short-term recovery unlikely. The company's business has been impacted by the market downturn, and its agency operations may need to be scaled back, requiring a more selective approach to projects with profitability as the core focus.

Going forward, the company must streamline its core business operations while actively exploring new business models, such as asset-light management and property operations, to navigate the challenges posed by industry transformation. However, given the current economic climate and market uncertainties, the real estate sector is unlikely to see a significant recovery in the short term. The company must therefore adopt a cautious strategy and carefully manage risks to navigate the challenges ahead.

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 2024, the Group had net current assets of approximately RMB11,164,000 (2023: RMB8,033,000), total assets of approximately RMB27,602,000 (2023: RMB25,982,000) and equity attributable to owners of the Company of approximately RMB3,705,000 (2023: RMB11,237,000).

As at 31 December 2024, the fixed bank deposits and bank and cash balances of the Group amounted to approximately RMB3,489,000 (2023: RMB6,384,000), of which approximately RMB323,000 were denominated in Renminbi, RMB298,000 were denominated in US dollars and RMB2,868,000 were denominated in Hong Kong dollars.

BANK BORROWINGS AND OVERDRAFTS

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

INDEBTEDNESS AND CHARGE ON ASSETS

As at 31 December 2024, the Group did not have any short term borrowing (2023: Nil) and had long term borrowing of RMB18,000,000 (2023: RMB8,100,000) which will mature on 31 December 2027.

As at 31 December 2024, the Group had total borrowing of RMB18,000,000, which was unsecured. The gearing ratio of the Group (calculated on the basis of total bank and other borrowings over total equity) was 485.8% (2023: 72.1%).

As at 31 December 2024, 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.

MAJOR INVESTMENTS

As at the date of this announcement, the Group has no future plans for material investments or capital assets.

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 fixed interest rate, as the Group had no bank borrowings as at 31 December 2024 (2023: Nil).

STAFF AND THE GROUP'S EMOLUMENT POLICY

As at 31 December 2024, the Group had a total of 25 staff (2023: 50 staff). The Group recorded staff costs (excluding directors' remuneration) of approximately RMB3,697,000 (2023: RMB5,184,000) during the year ended 31 December 2024.

The emolument policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies. 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 2024 (2023: Nil).

CAPITAL COMMITMENTS

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

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 20 June 2025, the register of members of the Company will be closed from Monday, 16 June 2025 to Friday, 20 June 2025 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming annual general meeting of the Company (the "**2025 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 Friday, 13 June 2025.

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 2024.

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 C1 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 2024 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 2024.

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 C3 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 2024.

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 2024 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 2023 and interim results of 2024 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 2024. The Audit Committee convened three meetings during the year ended 31 December 2024.

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 2024 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 2024. 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 2024 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.

2025 ANNUAL GENERAL MEETING

It is proposed that the 2025 Annual General Meeting (the "**2025 AGM**") will be held on 20 June 2025. A notice convening the 2025 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, 21 February 2025

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.