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

FORTUNE SUN

Annual Report 2024

FORTUNE SUN

FORTUNE SUN (CHINA) HOLDINGS LIMITED

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chiang Chen Feng *(Chairman)*
Ms. Chang Hsiu Hua
Mr. Han Lin

Non-executive Director

Ms. Lin Chien Ju

Independent Non-executive Directors

Mr. Cui Shi Wei
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

EXECUTIVE COMMITTEE

Mr. Chiang Chen Feng *(Chairman)*
Ms. Chang Hsiu Hua
Mr. Han Lin

AUDIT COMMITTEE

Mr. Chow Yiu Ming *(Chairman)*
Mr. Cui Shi Wei
Mr. Lam Chun Choi

REMUNERATION COMMITTEE

Mr. Cui Shi Wei *(Chairman)*
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

NOMINATION COMMITTEE

Mr. Chiang Chen Feng *(Chairman)*
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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9th Floor
Orient Building
No. 1500 Century Avenue
Pudong New District
Shanghai 200122
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 80, 8th Floor
Woon Lee Commercial Building
7–9 Austin Avenue
Tsim Sha Tsui, Kowloon
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY SECRETARY

Mr. Lui Cheuk Wah

COMPLIANCE OFFICER

Ms. Chang Hsiu Hua

AUTHORISED REPRESENTATIVES

Ms. Chang Hsiu Hua
Mr. Lui Cheuk Wah

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

PRC

China Minsheng Banking Corporation Limited

Hong Kong

OCBC Wing Hang Bank Limited
Bank of China (Hong Kong) Limited

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

00352

COMPANY WEBSITE

www.fortune-sun.com

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Fortune Sun (China) Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 (the "Year").

In 2024, although China's economy appeared to stabilize on the surface, the overall recovery remained weak, with fragile foundations. While GDP surpassed RMB130 trillion, reaching RMB134 trillion, with a 5.0% year-on-year growth, this increase was primarily driven by policy stimulus rather than an improvement in intrinsic economic momentum. Although economic growth has ceased the volatility observed since the COVID-19 pandemic in 2020, the sustainability of this recovery remains uncertain, and market confidence has yet to fully rebound.

In terms of investment, fixed asset investment (excluding rural households) reached RMB51.4373 trillion for the year, marking a 3.2% year-on-year increase, only slightly higher than the 3.0% growth in 2023. However, overall investment momentum remained weak, particularly due to the prolonged downturn in the real estate sector, which significantly dragged down investment performance. National real estate development investment declined by 10.6% year-on-year, with residential investment falling by 10.5%. The continued downturn in the real estate market has not only affected investment but has also further destabilized the financial system, adding to market uncertainties.

The persistent decline in the real estate market is not only linked to macroeconomic adjustments but also reflects the sector's transition into a more mature phase, characterized by long-term demand weakness. The ongoing drop in housing prices has intensified buyer hesitation, creating a vicious cycle that further suppresses transaction volumes. At the same time, financial distress among real estate companies has worsened, exacerbating liquidity crises. Some developers have faced cash flow shortages, making it increasingly difficult to resolve debt issues, further deteriorating the credit environment across the industry.

Although the government intensified policy support in the fourth quarter of 2024, leading to a short-term rebound in market indicators, the overall real estate market remains at historically low levels, far from a full recovery. The financing environment for property developers remains tight, local governments continue to struggle with land-based fiscal revenue declines, and high inventory levels persist, posing significant risks to future market adjustments. The recovery trajectory remains uncertain.

From a city-level perspective, all tiers of cities are experiencing declining transaction volumes, high inventory levels, and downward pressure on housing prices. In particular, second- and third-tier cities have faced more severe market corrections, with prolonged destocking cycles and an entrenched downward trend in prices. While first-tier cities saw some short-term recovery in the fourth quarter, fundamental market issues remain unresolved. The combination of falling property prices, weak buyer confidence, and mounting debt pressure on developers continues to shape market dynamics.

Looking ahead to 2025, the real estate market is expected to remain in a prolonged adjustment phase. Although policies may continue to ease, the pace and strength of recovery remain highly uncertain. The industry continues to face significant challenges, and a meaningful rebound is unlikely in the short term. The market's future trajectory will largely depend on the effectiveness of policy implementation and the speed at which market confidence can be restored.

Given the unprecedented uncertainties and challenges in the property market following the outbreak of the Pandemic and the need of the Group to maintain healthy liquidity level to capture appropriate investment opportunities in 2025, the Board did not recommend the payment of final dividend for the year ended 31 December 2024.

In 2025, the Group will continue to keep abreast of the economic and market developments on domestic levels, and adjust the market positioning of the Group accordingly to better exert our advantages in experience, while taking full advantage of existing resources in the industry in light of the real estate and relevant fiscal policies of the PRC government. The Group will also strive to expand the property consultancy and sales agency as well as asset management businesses in the first and second-tier cities with its prudent and optimistic strategies, so as to increase the number of projects, identify appropriate investment opportunities and broaden sales sources. On the other hand, the Group will strive to cut operating expenses by strengthening budget management and cost control, as well as to strictly control its cash flow, so as to ensure a healthy financial situation for sustainable and stable long term development.

Last but not least, I would like to extend my appreciation to all the members of the Board, the management and the staff for their ongoing efforts over the past year. I also wish to express my sincere gratitude to our shareholders, customers and business partners for their consistent trust in the Group and support to the Group. We will continue to dedicate our efforts towards the long-term development of the Group and strive for satisfactory returns for the shareholders.

By Order of the Board of
Fortune Sun (China) Holdings Limited

Chiang Chen Feng
Chairman

21 February 2025
Hong Kong

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Chiang Chen Feng (江陳鋒), aged 60, is the Chairman and an executive Director since February 2003 and one of the founders of the Group. Mr. Chiang graduated from Feng Chia University (逢甲大學) in Taiwan in June 1989 with a bachelor's degree in business management and started to engage in real estate property valuation and market research. During 1995 to 1996, Mr. Chiang was a researcher of Coastal Greenland Limited (Stock Code: 01124) (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), and focused on the PRC market. Mr. Chiang co-founded the Group in April 1997 and was appointed as a director of Shanghai Fu Yang Property Consultant Co., Limited (上海富陽物業諮詢有限公司) ("Shanghai Fortune Sun"), a wholly-owned subsidiary of the Company, since then. He is also a director of each of the other subsidiaries of the Company. Mr. Chiang is the spouse of Ms. Chang Hsiu Hua, an executive Director. Mr. Chiang is currently the director of Active Star Investment Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this report.

Ms. Chang Hsiu Hua (張秀華), aged 59, has been appointed as an executive Director since March 2004. Ms. Chang obtained her bachelor's degree in public finance from Feng Chia University (逢甲大學) in Taiwan in June 1988. In 1988, Ms. Chang joined Subaru Motors Co., Ltd. (仲慶汽車有限公司) and was responsible for valuation and insurance matters. In January 1993, she commenced working at Equity Law Firm (衡平法律事務所) and was responsible for legal related matters. Ms. Chang joined Shanghai Fortune Sun as a manager of the finance department in July 1997 and she was appointed as a member of the senior management of Shanghai Fortune Sun in January 2000 and has been responsible for financial management. In August 2005, Ms. Chang was appointed as a director of Shanghai Fortune Sun. She is also a director of three other subsidiaries of the Company. Ms. Chang is the spouse of Mr. Chiang Chen Feng, the Chairman and an executive Director. Ms. Chang is currently the director of Active Star Investment Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this report.

Mr. Han Lin (韓林), aged 57, has been appointed as an executive Director since June 2006. Mr. Han obtained a bachelor's degree in applied geophysics from Sichuan United University Chengdu College of Geology (四川聯合大學成都地質學院大學) in June 1989. Mr. Han is the holder of Certificate for Real Estate Brokers in Shanghai (上海房地產經紀人證書). During 1989 to 1996, Mr. Han worked at the Shanghai Bureau of Marine Geological Survey (上海海洋地質調查局). Mr. Han has been a director of Shanghai Fortune Sun since April 1997. Mr. Han is also a director of three other subsidiaries of the Company. Since January 2003, he was appointed as a deputy general manager of the business development department of Shanghai Fortune Sun and had been responsible for the business development of the Group. In May 2009, he was appointed as the vice-president of Shanghai Fortune Sun.

For details of Mr. Han's interest in the shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, please refer to the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this report.

Non-executive Director

Ms. Lin Chien Ju (林倩如), aged 52, has been appointed as a non-executive Director since March 2004. Ms. Lin obtained a Hospitality Management Diploma from the Educational Institute of the American Hotel and Motel Association in April 1996 and she obtained a bachelor's degree in Business Administration from the American University in London in August 1996. Ms. Lin received her Master of Arts Degree in Management from the Dominican University of California, the United States in May 1998. Ms. Lin is one of the co-founders of the Group. Ms. Lin has been a director of Shanghai Fortune Sun since April 1997. Ms. Lin is currently a director of Upwell Assets Corporation, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance as disclosed in the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this report.

Independent Non-executive Directors

Mr. Cui Shi Wei (崔士威), aged 73, has been appointed as an independent non-executive Director since June 2006. Mr. Cui obtained master's degree in Law from the Jilin University in the PRC in July 1986. Mr. Cui was a lecturer at the Law School of Jilin University (吉林大學法學學院) from July 1986 to July 1992. Mr. Cui worked as a senior management member of two nationwide insurance companies and Coastal Greenland Limited (Stock Code: 01124), the shares of which are listed on the Stock Exchange.

For details of Mr. Cui's interest in the shares of the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, please refer to the section headed "Directors' Report – Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company" in this report.

Mr. Lam Chun Choi (林俊才), aged 56, has been appointed as an independent non-executive Director since September 2017. Mr. Lam received a bachelor's degree in Social Sciences from the University of Hong Kong in 1990, and qualified as a Hong Kong lawyer in 1997. Mr. Lam provided legal advisory service in international law firms and multinational listed companies. He has over 20 years of experience in corporate finance, company and business-related legal and regulatory compliance.

Since March 2024, Mr. Lam has been a Guangdong-Hong Kong-Macao Greater Bay Area Lawyer of China Commercial Law Firm. He is leaving Tony Au & Co, a Hong Kong law firm, as a consultant in March 2025.

Mr. Chow Yiu Ming (鄒耀明), aged 51, has been appointed as an independent non-executive Director since June 2019, and holds a Bachelor of Business Administration degree, majoring in Accounting, Finance, from the University of Hong Kong and a Master of Science in Professional Accountancy degree from the University of London. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Hong Kong Institute of Directors. He has over 24 years of experience in accounting, auditing, financial management and corporate finance, and had held several senior management positions, including chief financial officer and company secretary, in a number of listed and private companies in Hong Kong. He is currently the chief financial officer and company secretary of Lee's Pharmaceutical Holdings Limited (Stock Code: 950) listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Ms. Wang Jia (王佳), aged 55, is a director of Shanghai Fortune Sun and is responsible for supervising all development projects and managing the day-to-day operations of the Group. Ms. Wang joined the Group in April 1997 and had hold the positions of the executive, the assistant manager, manager and the deputy general manager and the general manager of sales department, the regional senior manager and the deputy regional general manager of sales department in Shanghai Fortune Sun. Ms. Wang graduated from Shanghai University in July 1992, majoring in mechanical design and manufacturing. Ms. Wang has over 25 years of experience in property sales and marketing and is also a holder of Certificate for Real Estate Brokers in Shanghai (上海房地產經紀人證書).

Mr. Lui Cheuk Wah (呂焯華), aged 40, is the company secretary of the Company. Mr. Lui has over 10 years of experience in the accounting and financial industry. Prior to joining the Group, Mr. Lui was an assistant audit manager of RSM Hong Kong. He obtained a Bachelor of Commerce, major in accounting from Curtin University of Technology in Australia and a Master of Corporate Governance from The Hong Kong Polytechnic University. He is a member of the Certified Practising Accountant Australia and the Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Chartered Governance Institute, (formerly known as The Hong Kong Institute of Chartered Secretaries).

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 report, 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).

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 report.

BOARD STATEMENT

Dear Stakeholders,

The Group is pleased to present the 2024 Environment, Social and Governance Report. We place the sustainable development goal at the forefront of our long-term objectives, integrating climate-related issues and ESG elements into the long-term planning of the Group's business strategy. With the Board, the most important leadership role in the Group, having overall responsibility for steering, directly managing, and overseeing ESG issues, as well as regularly monitors and reviews the effectiveness of management practices and adjusting action plans accordingly.

The Group believes sustainable development plays an important role in maintaining its business development and long-term growth. As a provider of property consultancy and sales agency services, although our operations have a relatively lower environmental impact as compared to other industries, we strive in continuing to look for appropriate opportunities to minimise our environmental footprint in our daily operations. We have set clear short-term targets, the reduction on emissions by 3% by 2026. Following the short-term targets, the Group ensures its greenhouse gas emissions comply with the local target on or before 2030, as well as long-term sustainability visions to achieve carbon neutrality by 2050 in Hong Kong and by 2060 in the PRC. To achieve this, the Group has established relevant emission reduction targets and corresponding strategies to integrate sustainability considerations into our strategic planning, business model and other decision-making processes.

In terms of the social aspect and business operations, the Group not only abides by relevant national and local laws and regulations but also continuously enhances our corporate governance and our communication with stakeholders to understand their needs and expectations, so as to formulate and constantly optimise existing policies, management procedures and measures. We regularly review our communication channels and platforms with stakeholders to ensure the information flow effectively captures the concerns of key stakeholders. This proactive approach enables us to address the critical issues, resulting in substantial positive impacts on our business.

During the Reporting Period, the Group aims to minimise its impacts towards the environment. Consistent advancements have been made regarding our environmental performances, including emission reduction and resource optimization. We value our employees as a great asset, as they drive the Group's business growth. During the Reporting Period, the Group has conducted effective communication with the Group's employees internally and has actively worked towards enhancing employee's welfare by demonstrating genuine care in daily operations. We firmly uphold the belief that displaying respect towards our employees not only yields benefits but also enhances our contribution to society.

With a strategic focus on creating long-term benefits and value for the environment, our employees and the communities, the Board will proactively and continuously review and implement policies on environmental protection and elevate social care to foster sustainable development.

Regards,
Chiang Chen Feng
Chairman
Fortune Sun (China) Holdings Limited

ABOUT THE GROUP

Fortune Sun (China) Holdings Limited (the "Company" together with its subsidiaries, hereinafter referred to as the "Group" or "we" or "us") are one of the largest providers of one-stop property consultancy and sales agency services in the PRC. With operational headquarters based in Shanghai, the Group offers services covering four value-based service systems, namely property investment management, property finance business, property sale and marketing business and property information business. Adhering to the philosophy of "Advancing the World from the PRC" (從中國升起，向全球發光), on the basis of being rooted and based in the PRC and with the integration of unique elements in the PRC, the Group has been stepping up the exploration of overseas Chinese markets worldwide, and relentlessly providing the Chinese at home and abroad with international property consultancy services of great value and essence.

ABOUT THIS REPORT

The Group is pleased to present our 2024 Environmental, Social and Governance Report (the "Report"), with summaries the Group's policies, measures and performance on the key environmental, social and governance ("ESG") issues.

Reporting Period

The Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 January 2024 to 31 December 2024 (the "Reporting Period").

Reporting Scope and Boundaries

The information disclosed in the Report covers the comprehensive property consultancy and sales agency service business operated by the Group in the PRC, which is the principal location of the Group's operation. The reporting scope has covered 100% of the Group revenue during the Reporting Period. There was no material change in the reporting scope in 2024. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the Report.

Reporting Basis

The Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 "Environmental, Social and Governance Reporting Guide" ("the Guide") of the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited" (the "Main Board Listing Rules") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and on the basis of the four reporting principles – materiality, quantitative, balance and consistency.

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's relevant policies. A complete content index is appended to the last chapter hereof for reference. The Report is prepared and published in both Chinese and English. In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

Review and Approval

This Report was approved by the Board of Directors of the Group (the "Board") on 21 February 2025 after confirmation by the management of the Group. An electronic version of this report is available on the HKEX news website (www.hkexnew.hk).

Information and Feedback

If you have any comments and advice on this Report or our performance on sustainable development, please contact us by email at info@fortune-sun.com. Your feedback would greatly help us continuously improve our policies for promoting the sustainable development of the Group.

ESG GOVERNANCE STRUCTURE

The Group is committed to integrating ESG factors into its operations in order to create sustainable value for stakeholders and take up the responsibilities as a corporate citizen. The Group has established an ESG Working Group (the "Working Group"). The Working Group is composed of core members from different departments of the Group and is responsible for communicating with the external consultants and collecting ESG-related information. The Working Group reports to the management on the implementation of ESG initiatives and the performance of the business units regularly.

The Board is responsible for the evaluation and determination of the Group's ESG-related risks and ensuring that the Group has established an applicable and effective system to manage and internally control ESG-related risks. The management reviews the risks and the effectiveness of the internal control system of these aspects and provides confirmation to the Board.

STAKEHOLDER ENGAGEMENT

We believe that stakeholder engagement can help the Group to understand the needs and expectations of key stakeholders, thus facilitating the formulation and improvement of existing management systems and future sustainable development directions by the Group and promoting the sustainable development of the Group in the long run. We, as always, actively engage internal and external stakeholders, including the Board of Directors, employees, customers, suppliers and investors across various channels, such as seminars, staff training, direct communication with customers, shareholder activities and face-to-face meetings with investors. The Group remains committed to fostering stakeholder engagement through diverse communication channels.

Stakeholder	Engagement Platform
Government and regulatory agencies	• Annual reports, interim reports, ESG reports and other public information
Shareholders and investors	• Annual general meetings and other general meetings of shareholders • Company website • Press releases/announcements • Annual reports, interim reports, ESG reports and other public information
Peer industry	• Exhibitions
Employee	• Trainings • Meetings • Employee organisations • Performance evaluation • Leisure activities • Surveys
Customer	• Fax, email and customer service hotline • Product and service feedback • Annual audit • Meetings • On-site visits

Materiality Assessment

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. In order to further identify the materiality of specific ESG issues related to the Group, we engaged an independent consultant to assist the Group to determine the relevant ESG issues affecting its business operations, which included 28 sustainability issues such as labour practices, environmental protection, supply chain management, product and service offering and community investment.

After considering the interdependence and influence of stakeholders on the Group, and the resources available, key stakeholders have been identified, and surveys were conducted to better understand their perspectives. Opinions and recommendations on the sustainability issues related to the Group's operation were collected via the surveys.

We invited both internal and external stakeholders to score each sustainability issue based on the materiality to the Group's business operations and the stakeholders themselves. Feedback was solicited on each topic to ensure comprehensive understanding. The survey results were obtained and adopted for materiality assessment, and a materiality matrix was prepared based on the scores gathered from the stakeholders as follows.

Materiality Assessment Process

In preparing the ESG Report, the Group directly engaged with internal and external stakeholders as part of the materiality assessment process to identify and prioritise the issues to be included in the ESG Report which the Board believes would have significant impact on the Group's business and on its stakeholders.

Stage 1 – Identification

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including listing rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 – Prioritisation

Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

Stage 3 – Validation

Management reviewed the materiality matrix and the threshold for materiality. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

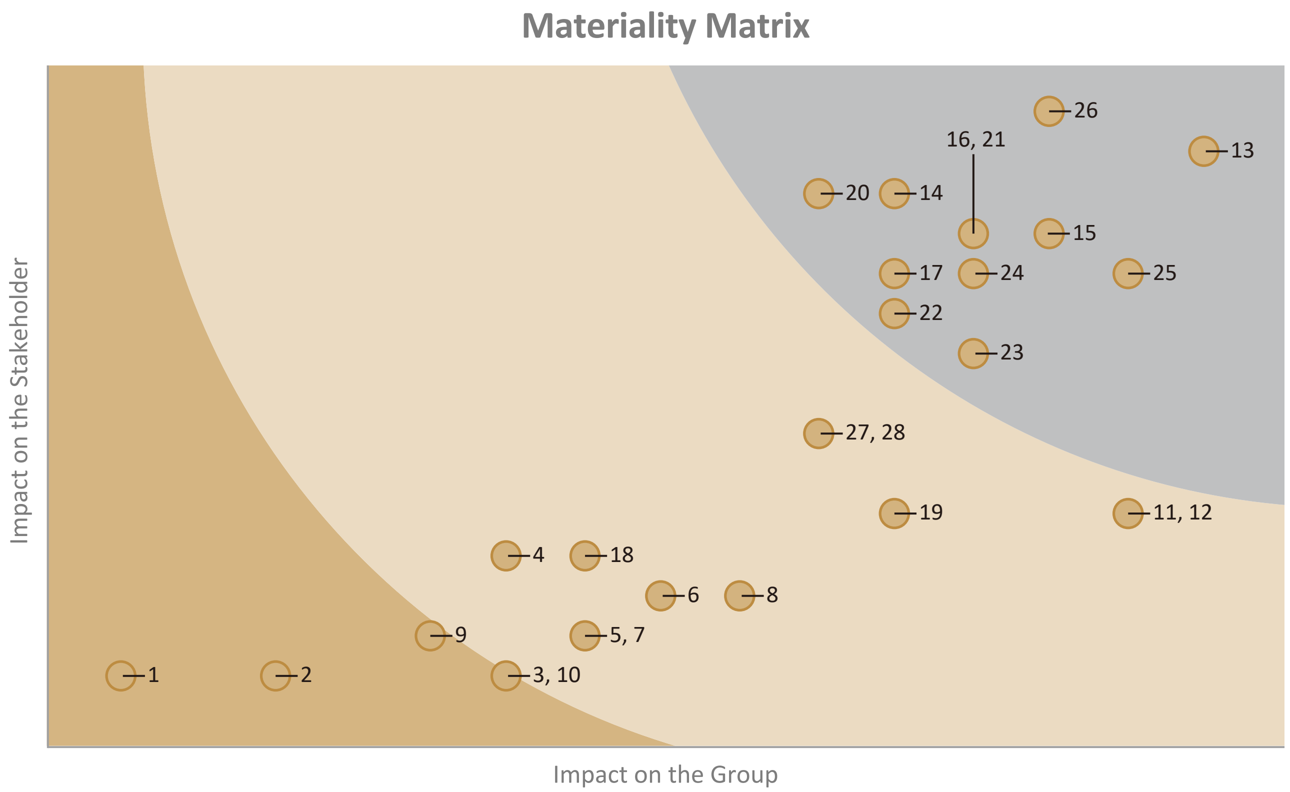
A materiality assessment matrix was developed from the results of stakeholder engagement exercises conducted with stakeholders through an online survey. The issues shown in the upper right corner of the materiality matrix represent the matters that are of most concern to our stakeholders. Based on the results shown in the materiality matrix, we determined the ESG issues that the stakeholders are most concerned about and are of the highest materiality to our business operations.

The twelve issues that were identified with high importance are listed as follows:

- Anti-discrimination;
- Staff occupational health and safety;
- Staff development and training;
- Child labour and forced labour;
- Responsible supply chain management;
- Customers' privacy and confidentiality;
- Customer satisfaction;
- Intellectual property;
- Safety of projects and service;
- Quality of projects and service;
- Business ethics;
- Anti-corruption training for management and employees.

The issues we have identified and deemed important can serve as compass for determining future strategic directions, implementing relevant policies and management practices, and allocating resources to address stakeholders' concerns, needs and expectations.

Consolidating the results of internal assessment and the survey, the Group has compiled the materiality matrix (refer to the diagram below).



1. Air emissions
2. Greenhouse gas emissions
3. Effluents management
4. Waste management
5. Energy efficiency
6. Water efficiency
7. Use of materials
8. Environmental compliance
9. Land use, pollution and restoration
10. Climate change
11. Employment practices
12. Diversity and equal opportunities
13. Anti-discrimination
14. Staff occupational health and safety
15. Staff development and training
16. Child labour and forced labour
17. Responsible supply chain management
18. Environmental friendliness on products or service purchased
19. Compliance with regulations on marketing, product and service
20. Customers' privacy and confidentiality
21. Customer satisfaction
22. Intellectual property
23. Safety of projects and service
24. Quality of projects and service
25. Business ethics
26. Anti-corruption training for management and employees
27. Contributions to the society
28. Communication and connection with local community

SOCIAL ASPECTS

Responsible Business Operations

Protection of Customer Privacy and Corporate Information

With the increasing requirement of business integrity on enterprises in the society and growing awareness of data security of individuals, the Group is committed to safeguarding customer privacy, maintaining the confidentiality of corporate data, fulfilling confidentiality obligations and abiding by all laws and regulations regarding customer data privacy protection.

Without the authorisation from the Group, employees are strictly prohibited from disclosing or leaking any materials and trade secrets (e.g., sales strategy at the sales office, sales data, financial information, technical information and intellectual property rights) relating to corporate transactions or operations or any information relating to the developers, customers and suppliers to any third parties. All confidential materials and trade secrets must be kept and properly preserved by authorised personnel. All employees shall enter into the Employee Confidentiality Agreement (企業員工保密協議) upon the commencement of employment. This approach ensures employees are fully aware of the importance of protecting customer privacy and preserving the corporate trade secrets, as well as maintaining confidentiality of sensitive materials. Along with the Agreement, employees can exercise due care to protect such information and avoid any instances of information leakage. The Group sets out the confidentiality terms in the Employee Handbook (員工手冊), specifying the applicable confidentiality principles and the required behaviours and conducts. Any employees who breach relevant confidentiality agreement and working disciplines shall be dismissed and held legally liable. In addition to supply chain, we require our suppliers to fulfil their confidentiality obligations under relevant laws and regulations and may terminate the partnership in case of any breach.

During the Reporting Period, the Group confirmed that it was not aware of any case of customer privacy violation under any laws and regulations and there were no significant cases of violations of laws or regulations regarding customer privacy and use of consumer data.

Anti-corruption

Business integrity, rigour and professionalism represent not only our unwavering service concepts but also the key factors underpinning our corporate reputation, competitive edge, business success and sustainable growth. We uphold zero tolerance for any forms of corruption, bribery, extortion, fraud or money laundering, and abide by the local and national anti-corruption laws and regulations, including the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Prevention of Bribery Ordinance (《防止賄賂條例》) of Hong Kong.

Following the Employee Handbook, the Group has formulated and set forth the terms and working disciplines regarding anti-corruption, anti-bribery and anti-fraud, which shall be strictly followed by all employees. We sternly prohibit employees from demanding or accepting, directly or indirectly, any benefits, such as gifts, money or other forms of entertainment, or receiving kickbacks and gifts and obtaining related economic and financial benefits in secret by abusing his/her position power.

To ensure employees understand the relevant requirements, each employee and Director is required to receive anti-corruption training. The Group mandates each employee enters into an Employee Anti-corruption Warranty (企業員工廉潔保證書). Anti-corruption training is designed for employees and Directors, including newcomers to familiarise them with the Group's commitment to maintaining business integrity. Employee shall follow the relevant requirements and guidelines while performing their duties, minimising the possibility of any corruption.

Employees who breach the terms and requirements of anti-corruption, anti-bribery and anti-fraud shall be subject to disciplinary actions, including the termination of employment; such cases may be reported to relevant authorities if necessary. Similarly, we forbid the suppliers hired by us to bribe our employees in any way and may terminate the partnership in case of any breach.

During the Reporting Period, the Group confirmed that it did not have any violations against any laws and regulations regarding bribery, extortion, fraud and money laundering.

Whistle-blowing Policy

The Group values the voice of every employee by encouraging them to express their opinions. Specified complaint and advice channels have been formulated following the Whistle-Blowing procedures. We provide a safe and confidential reporting mechanism to ensure employees report properly on all suspected internal misconduct.

Service Responsibility

As one of the Top 10 property consulting and agency planning enterprises in the PRC, the Group strictly complies with laws and regulations on sales and advertisement, including but not limited to:

- Regulatory Measures on the Sale of Commercial Houses (《商品房銷售管理辦法》);
- Provisions on the Administration of Urban Real Estate Intermediary Services (《城市房地產中介服務管理規定》);
- Regulatory Measures on Advance Sale of Urban Commercial Houses (《城市商品房預售管理辦法》);
- Interim Rules on Advertisement for Real Estate (《房地產廣告發佈暫行規定》); and
- Notices on Further Strengthening Management of Real Estate Advertisements (《關於進一步加強房地產廣告管理的通知》).

Our customers mainly consist of property buyers, sellers and owners, potential real estate investors. We attach great importance to the quality of customer service provided by us and intend to deliver a comprehensive and premium user experience to customers. For this purpose, we require employees to acquire detailed and in-depth knowledge of relevant real estate projects, such as their planning and design, architectural style as well as latest policies, regulations, mortgages and taxes applicable thereto, ensuring that they can furnish the latest and accurate materials and market information of the real estate projects to customers. If customers have any opinions or complaints about our services and product sales, they may send such opinions to our dedicated email address. Specific staff will be assigned to follow up the case within three to five days after receiving relevant email. Meanwhile, we will analyse the root cause of each complaint case to prevent any recurrence of similar incidents.

Marketing and Advertising

The Group directly uses the sales promotion materials provided from real estate developers, including advertisements, sales brochures and promotional slogans while introducing relevant real estate projects to customers. We engage suppliers for sales promotion material production when there is co-production request from the real estate developer. The materials will be submitted to the real estate developer for approval and execution upon completion, and such materials may be put in use only after they are confirmed to be accurate, correct and not against relevant laws and regulations on advertising and intellectual property rights.

During the Reporting Period, the Group received zero product or service-related complaints, and confirmed that there was no aware of any violations against any laws and regulations with respect to the health, safety, advertisements and labelling of the products and services provided by us. Considering the business nature, the Group mainly engages in property consultancy and sales agency services, customers' health and safety are not relevant to the Group's business, and no product recall was found during the Reporting Period.

Intellectual Property Protection

We have established an "Intellectual Property Management System" to ensure that the interests of the Group and its customers are protected. Intellectual property is the paramount importance to our research and development. The Group strictly abides by relevant laws and regulations, including the Patent Law, the Copyright Law, the Trademark Law and the Anti-Unfair Competition Law.

Caring for Employees

Employment and Labour Practice

The Group recognizes its employees as the driving force behind its sustained business growth, with their expertise and experience forming an integral part of the Group's continuous innovation, brand promotion and successful practices in efficient marketing management. Therefore, we are committed to increasing employee satisfaction, enhancing staff training and promoting employee well-being, striving to create a pleasant, harmonious and safe working environment for our employees to retain talents.

As a responsible enterprise, we strictly comply with relevant labour laws and regulations in the places of operation, including but not limited to:

- Labour Law of the People's Republic of China (《中華人民共和國勞動法》);
- Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》); and
- Employment Ordinance of Hong Kong (Cap. 57) (《僱傭條例》).

During the Reporting Period, the Group confirmed that there were no violations against any laws and regulations on labour and employment.

As at the end of the Reporting Period, the number of employees figures and employee turnover rate by gender, age group, employment type, employment category and geographical region are illustrated in the table below.

		2024
Employee Number	**Total**	**25**
	By Gender	
	Male	14
	Female	11
	Ratio of Male and Female Employee	1.27
	By Age Group	
	Below 30	1
	30–50	17
	50 or above	7
	By Employment Type	
	Full-time	23
	Part-time	2
	By Employment Category	
	Senior Management	8
	Middle Management	5
	General Staff	12
	By Geographical Regions	
	PRC	24
	Hong Kong	1
Employees Turnover Rate[1]	**Overall number (turnover rate)**	**20 (44%)**
	By Gender	
	Male (turnover rate)	13 (48%)
	Female (turnover rate)	7 (39%)
	By Age Group	
	Below 30 (turnover rate)	3 (75%)
	30–50 (turnover rate)	17 (50%)
	50 or above (turnover rate)	0 (0%)
	By Employment Type	
	Full-time (turnover rate)	20 (47%)
	Part-time (turnover rate)	0 (0%)
	By Employment Category	
	Senior Management (turnover rate)	0 (0%)
	Middle Management (turnover rate)	0 (0%)
	General Staff (turnover rate)	20 (63%)
	By Geographical Regions	
	PRC (turnover rate)	20 (45%)
	Hong Kong (turnover rate)	0 (0%)

[1] Employee turnover rate = Total number of employees in the specified category leaving employment during the Reporting Period / (Total number of employees left the Group in specific category during the Reporting Period + Total number of employees in specific category at the end of Reporting Period).

Recruitment and Promotion

The Group has abided by the relevant laws and regulations that apply to its sites of operations, including but not limited to the Employment Ordinance (Cap. 57) and Labour Contract Law of the PRC (中華人民共和國勞動合同法). In comply with laws and regulations, the Group commits in providing equal opportunities for all employees regardless of gender, race, age, disability, marital status or other grounds, in order to build a fair and diversified workplace featuring mutual respect.

In terms of recruitment, hiring and employment, we follow the Group's Personnel Management Rules and Regulations (人事管理規章), Remuneration System (薪資制度) and Employee Handbook, which outline the general requirements related to employment. For recruitment and promotion, the Group makes assessments based on candidates' and employees' competency, experience, qualifications and skills. Appraisal on employees' performance is held periodically, which is purposed to review employees' performance and achievement, as well as their weakness. The appraisal results will be considered in regarding staff promotion. As such, we will take internal staff promotion as a priority consideration, as an endeavour to maintain a structured career ladder and retain talents.

The Group has formulated the Employee Handbook and prohibits the use of child labour and forced labour. To prevent any instances of forced labour, the Group undertakes timely communication with employees regarding the work arrangements. If there are any irregular and overtime work duties, we will make forward planning and discussion with the relevant employees beforehand. To avoid any instances of child labour, identity check and age verification are requisite during the recruitment process. Despite that the Group has already established a set of procedures to mitigate the risks of employing child labour or forced labour, we are committed to establishing contingency measures to counter any cases of child labour or forced labour if such cases arise. If any instances of child and forced labour are discovered, the management will promptly report to the relevant enforcement agencies. Internal investigations will be conducted to identify the potential cause of the incidents during in the recruitment process and appropriate amendments will be implemented accordingly.

During the Reporting Period, there were no significant non-compliance cases in relation to child labour and forced labour. The Group will continuously review the implementation of its Employee Handbook under regular basis and ensure effective execution of its practices regarding the prohibition of child labour and forced labour.

Working Hours and Rest Period

The Group implements standard working hours and working beyond designated working hours is not encouraged. Corresponding time-off are entitled to employees who have to work overtime on special circumstances. Paid annual leave, and statutory holidays are implemented in accordance with national regulations, including marriage leave, bereavement leave, maternity leave, paternity leave, lactation leave, work-related injury leave, etc.

Remuneration and Dismissal

The Group strives to attract and retain qualified, enthusiastic and committed employees by offering fair and reasonable remuneration package and benefits. The Group respects the right of employees, provides fair remuneration that is linked to the employee performance and offers competitive remuneration package to recruit talented employees.

Under our dismissal procedures, employees have the right to decide whether to continue their employment with the Group. All labour contracts, agreements and declarations are signed by employees with the Group voluntarily on equal footing, and employees have obligations to observe the relevant provisions. For resignation, a written notice with leaving period and payment for immediate leave are applied on terminating employment contact. Nevertheless, employees shall be dismissed if there is seriously violation regarding relevant working disciplines and confidentiality provisions that set out in the Employee Handbook.

Employee Benefits and Welfare

The Group offers various employees benefit scheme, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, and mandatory provident fund scheme for employees in a timely manner according to relevant local labour laws. Pension, wedding cash gift and other allowances such as business travel, house, meal and communication are also provided. Travelling allowance is offered to foreign employees for home visit vacation.

The Group has formed an employee welfare committee to serve employees and their families by organising a wide array of employee activities and regular social gatherings, striving to enhance the cohesion and sense of belonging among our employees. To reward employees for their diligence, attendance bonus, quarterly bonus, and year-end bonus will be granted to the outstanding employees based on their respective work performance, enhancing the motivation of our employees.

To cultivate and strengthen employees' sense of belonging, the Group holds a range of staff gatherings each year, providing platform for employees to gather and interact. Through various games and activities, we seize the opportunity to inspire employees and express our gratitude for their contribution to the Group throughout the year.

During the Reporting Period, there were no significant incidences of non-compliance with applicable laws and regulations relating to compensation, dismissal, recruitment, promotion, working hours, rest, equal opportunity and benefits and welfare.

Staff Development and Training

The Group understands the employees' performance and individual achievement constitute as one of the key enablers for our success. With the commitment in promoting the career development of employees, we hold tailored training sessions for employees in different departments through our training system, enhancing their knowledge, skills and values, ultimately boosting employees' overall capabilities and job satisfaction. This approach aids in their pursuit of self-fulfilment, contributing to the achievement of our overall strategic objectives. All new employees are required to attend induction training during the probation period to familiarise themselves with our culture, business goals, values and constitutional rules so that they can adapt to our working environment and fit in the existing working teams more swiftly. The contents of the training cover the Group's organisational structure, corporate culture and general introductions, including basic job-related processes, job-specific skills, labour standards and anti-corruption measures, etc.

In addition, based on the training requirements of each department and the employment level of each employee, we provide all sorts of internal training, including executive training and professional training related to specific real estate project (e.g. basic real estate know-how, updates of latest real estate policies, skills in market case research and reporting, sales methods and operations, knacks of customer source expansion, customer services and manners, etc.), to improve the management skills, knowledge and expertise of employees. To encourage our employees to undertake life-long learning, we offer opportunities for external training and tuition fee subsidies to eligible employees.

After each training session, employees are tested and assessed to ensure that they have fully mastered the training content, and such assessment may also be used to improve the training programme in the future. The Group has established a point-based training management system to motivate full staff participation in the training, whereby employees can earn points after completion of the training according to the course content and assessment results. The annual accumulated points would then be used as a reference for promotion purpose.

During the Reporting Period, the number of trained employees and average training hours broken down by gender and employment category are presented as follows:

		2024
Number of Trained Employee and Percentage[2]	**Overall (trained employee rate)**	**0 (0%)**
	By Gender	
	Male (trained employee rate)	0 (0%)
	Female (trained employee rate)	0 (0%)
	By Employment Category	
	Senior Management (trained employee rate)	0 (0%)
	Middle Management (trained employee rate)	0 (0%)
	General Staff (trained employee rate)	0 (0%)
Average Training Hours[3] (hour/employee)	**Overall**	**0 (0%)**
	By Gender	
	Male	0 (0%)
	Female	0 (0%)
	By Employment Category	
	Senior Management	0 (0%)
	Middle Management	0 (0%)
	General Staff	0 (0%)

Although training had yet to be conducted in 2024, the Group actively planning and preparing for upcoming training initiatives in 2025, continuously enhancing the professional skills of its employees.

Looking ahead, the Group will constantly review its employment practices to maintain a harmonious labour relationship and competitiveness within the industry.

2 Percentage of trained employee = Number of employees received training during the Reporting Period / Number of employees at the end of the Reporting Period.

3 Average Training Hours = Total training hours during the Reporting Period / Total number of employees at the end of the Reporting Period.

Occupational Health and Safety

As the daily operation of the Group is predominantly office-based, the occupational hazards and accidents involved are considerably and relatively limited as compared to other industries. Nevertheless, we do not neglect the health and safety of employees. We are devoted to creating a comfortable and safe working environment for our employees. With the "Health and Safety Policy", we identify and manage potential health and safety hazards and risks at relevant workplaces. The Group has complied with regulations on occupational health and safety in the places of operation, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Occupational Safety and Health Ordinance (《職業安全及健康條例》) in Hong Kong.

To provide sustainable and safe workplace that protect our employees from accidents and injuries, the administrative department undertakes measures, including daily checks and cleaning. To maintain the accessibility of office corridors and fire escape, office equipment such as printers, photocopiers and fax machines are placed in separate printing rooms; clutter and office material are stored properly. In addition, smoking and spitting are strictly forbidden at workplace, with a firm insistence on maintaining a pristine and secure office environment.

To raise the safety awareness of employees, we participate in fire drills organised by property management companies regularly and conduct fire safety training at our sales offices for employees. Fire safety training includes essential knowledge of everyday fire safety precautions and provides instructions on proper usage of fire extinguisher, aiming to enhance employees' awareness on fire safety and educate them on responding effectively to fire hazards. In the event of encountering safety hazard during work, employees shall halt the work immediately and notify administrative personnel promptly.

During the Reporting Period, there were no work-related fatalities in the Group over the past three years:

	2024	2023	2022
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Number of work injuries	0	0	0
Lost days due to work injury	0	0	0

During the Reporting Period, the Group confirmed that there were no violations against any laws and regulations on occupational health and safety. Looking ahead, the Group will continuously enhance its health and safety measures and enforce workers' safety awareness in workplace.

Operating Practices

Management of Suppliers

During the Reporting Period, the Group did not co-operate with any suppliers. Nevertheless, we continue to value the importance of supply chain management and will persist in exploring the opportunities for future cooperation. We are committed to considering social and environmental responsibility in our supplier selection process to uphold high sustainability standards.

We have stipulated the procedure and criteria for supplier selection and evaluation in our Administrative Rules and Regulations (行政管理規章), whereby we select suitable suppliers of quality products and services and regularly monitor their compliance with our standards. During supplier selection, apart from investigating into the basic business background and business qualifications of potential suppliers, we also consider several other factors, including price, geographical location, quality standards, know-how and services, etc. The Group continuously evaluates the environmental and social performance of suppliers. If necessary, we would ask the suppliers to provide samples for evaluation. A supplier will be recognised as a qualified supplier of the Group only when it meets the above criteria according to the review of the administrative department, and all of our current suppliers were selected from the pool of qualified suppliers. We have also introduced a complete procurement bidding process to ensure fair and equitable bidding and maintained a fair competition environment for suppliers by comparing three or more quotations. To further guarantee the quality of the products and services from suppliers, we will evaluate the performance of incumbent suppliers upon their delivery of products and services. Rating will be assigned to a supplier according to four criteria, namely, quality of its products or services, timeliness of delivery, the attitude of service and professionalism. The underperforming supplier shall be suspended from bidding, and its status as a qualified supplier would be resumed only if it passes the re-evaluation.

The Group urges all of its suppliers to observe the Code of Ethics and Code of Conduct for Suppliers (供應商道德規範和商業行為準則). The Code covers five major areas namely, (i) working conditions, (ii) environmental responsibility, (iii) quality standards for delivery, and (iv) anti-corruption and anti-bribery as well as (v) intellectual property rights and duty of confidentiality. It requires suppliers to abide by relevant laws and regulations and expects them to recognise and fulfil their ethical responsibilities so as to attain mutual trust and respect between the Group and the suppliers.

Considering the nature of the Group, as a property management provider, the environmental and social risks in the supply chain, and preferences for green products and services are less material. Therefore, the Group has not adopted specific practices for identifying such risks, and promoting the use of green products and services. Looking ahead, the Group will continue in reviewing and revising its practice in supplier management.

Community Engagement

The Group believes that community contribution is essential for sustainable development as it plays an important role in fostering a harmonious society. Aligned with the Group's principle of "dedication, friendship, mutual assistance and progress" (「奉獻、友愛、互助、進步」), the Group acknowledges that employees embrace these shared values while bring forth a range of distinctive contributions. We offer range of options and flexibilities for community service, encouraging employees to practice and integrate these principles in their daily life and work.

Nevertheless, we believe our services scope shall be expanded to better cater the needs of our customers, demonstrate care for our neighbours and the society, and ultimately create a positive influence on the community. During the Reporting Period, the Group continuously strives in contributing and strengthening employee welfare and benefits through sincere support. We encourage employees to organize social events and seize social opportunities by participating in volunteer services and community activities. By doing so, the Group is dedicated to making a purposeful and impactful contribution to the community.

Looking ahead, the Group will persistently contribute to community investment.

ENVIRONMENTAL ASPECTS

Environmental Protection

The principal activities of the Group are the provision of one-stop property consultancy and sales agency services. Since we are less involved in business operations and activities with direct relations to the environment, the impact of our business operations on the environment and natural resources is less material. Nevertheless, the Group has established relevant environmental policies, complying with applicable environmental laws and regulations in the places of operations. These policies serve as a guidance for our business operation. Moreover, we persistently pursue business operations featuring efficient use of resources, minimisation of energy use and waste generation through diverse initiatives under our existing business scope.

In providing property consultancy services, the Group also considers the potential environmental risks and impacts of the property development project, including its compliance with local environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》). The Group also has taken environmental protection measures, enabling customers gain understanding of projects regarding environmental protection elements.

To this end, we have set clear emission reduction targets, aiming to reduce all our emissions (including air pollutants, greenhouse gas, hazardous and non-hazardous wastes, and sewage), energy consumption (including electricity and heat), consumption of resources (including water and paper) by 3% before 2026 as compared to corresponding emissions and consumptions of the Reporting Period.

During the Reporting Period, the Group confirmed that there were no violations against any environmental laws and regulations.

Emissions

Policy of the Group, Laws and Regulations Related to Emissions

Since the operations of the Group's property consultancy and sales agency business are predominantly office-based, they do not involve any substantial emissions of exhaust gas, wastewater or hazardous or non-hazardous waste during operations. The environmental footprint of the Group's daily operations is mainly comprised of the greenhouse gas ("GHG") emissions generated from the use of purchased electricity, vehicle fuel consumption, disposal of paper waste and business travel. During the Reporting Period, the total GHG emission of the Group was 28.20 tonnes of carbon dioxide equivalent (tCO_2e), and representing an intensity of 1.13 tCO_2e per employee. We have implemented various energy conservation and emission reduction measures, the details of which are set out below in this section.

Types of Air Emission and Emission Data

During the Reporting Period, petrol combustion of vehicle fleet in Mainland China was the main source of the Group's air emissions. The amount of air emissions has increased comparing with 2023 since the increase in usage rate of vehicles during the Reporting Period.

During the Reporting Period, the air emissions data is presented as follows:

Air Emissions[4]	Unit	2024	2023
Nitrogen Oxide (NO_x)	kilograms	0.38	Not applicable
Sulphur Dioxide (SO_x)	kilograms	0.06	Not applicable
Particle Matter (PM)	kilograms	0.04	Not applicable

4 The emissions amount was estimated with reference to "Technical Guidelines for Air Pollutants Emission Inventory of Road Vehicles (Trial)"《道路機動車大氣污染物排放清單編製技術指南（試行）》.

During the Reporting Period, the GHG emission data is presented as follows:

GHG Emission[5]	Unit	2024	2023	2022
Scope 1[6]	tonnes CO_2-equivalent	8.82	Not applicable	4.49
Scope 2[7, 8]	tonnes CO_2-equivalent	17.55	18.74	18.19
Scope 3[9]	tonnes CO_2-equivalent	1.83	0.36	0.36
Total GHG Emission	tonnes CO_2-equivalent	**28.20**	**19.10**	**23.04**
GHG Emission Intensity	tonnes CO_2-equivalent/ employee[10]	**1.13**	**0.38**	**0.29**

During the Reporting Period, the total GHG emission was 28.20 tonnes (2023: 19.10 tonnes) and its intensity was 1.13 tonnes CO_2-equivalent per employee (2023: 0.38 tonnes CO_2-equivalent per employee). Scope 2 emissions were reduced by approximately 6% compared to 2023, demonstrating the effectiveness of the Group's energy saving and emission reduction policies and measures. The intensity of total GHG emission has increased by 195% driven by an increase in paper consumption and number of business trips during the Reporting Period, as well as the significant reduction in the number of employees at the end of the Reporting Period.

Looking ahead, the Group will continue to closely monitor its GHG emissions, making improvement and refinement on respective measures when necessary.

5 The calculation of the corresponding emission assessment figures and the emission factors used for the calculation are based on the "How to Prepare ESG Report" and its Annex "Appendix 2: Reporting guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "Methodology for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial)《工業其他行業企業溫室氣體排放核算方法與報告指南（試行）》" jointly issued by National Development and Reform Commission and National Centre for Climate Change Strategy and International Cooperation, "2021 Electricity CO_2 Emission Factor《2021年電力二氧化碳排放因子》" and "IPCC Sixth Assessment Report on Climate Change《IPCC氣候變遷第六次評估報告》" issued by the Ministry of Ecology and Environment of the People's Republic of China.

6 Emissions in Scope 1 include the emission from the use of corporate vehicles owned by the Group.

7 Emissions in Scope 2 include the emission from the purchased electricity from power companies.

8 As the relevant calculation methodologies used have been updated in this Reporting Period, the data for FY2023 and FY2022 was restated to ensure consistency.

9 Scope 3 emissions for FY2023 and FY2022 included the Group's emissions from the treatment of waste paper, while Scope 3 emission for FY2024 included the Group's emissions from the treatment of waste paper and business travel.

10 As at 31 December 2024, the number of employees of the Group are 25.

Wastes Management

Due to the business nature, the Group did not generate any significant quantity of hazardous waste. Data on the hazardous waste and its intensity is not applicable to the Group. For non-hazardous waste, general waste mainly includes papers and domestic waste generated by the Group. All non-hazardous wastes are collected and incinerated by qualified waste disposal contractors in accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《固體廢物污染環境防治法》). Given that waste management was outsourced to the property management provider, information regarding the waste is currently unavailable.

During the Reporting Period, the waste data of the Group is presented as follows:

Types of Waste	Unit	2024	2023
Hazardous Waste	tonnes	0	0
Hazardous Waste Intensity	tonnes/employee[11]	0	0
Non-Hazardous Waste	tonnes	Not applicable	Not applicable
Non-Hazardous Waste Intensity	tonnes/employee[12]	Not applicable	Not applicable

Use of Resources

Resources Policies

In order to use resources effectively, the Group has established various measures focusing on the use of water, resources and office paper during operation, with a view to reducing the carbon footprint from its operation while minimising unnecessary operating cost. We have formulated the Green Office Management Procedure (辦公室綠色環保制度) with an aim to create a comfortable working environment while putting into practice the philosophy of energy conservation and environmental protection in daily operation, raising the staffs' awareness on environmental protection.

11 As at 31 December 2024, the number of employees of the Group are 25.

12 As at 31 December 2024, the number of employees of the Group are 25.

Electricity Saving

- Not using air conditioners under appropriate temperature, which air conditioners are allowed to turn on when the indoor temperature is ≥26˚C in summer and ≤20˚C in winter;
- Using LED and other energy-saving devices;
- Utilising the natural light where applicable and turning off the lighting system for unused area;
- Switching the lighting in the hall and corridors to night mode when off duty; and
- Reminding employees to turn off their electronic equipment, including personal computer and display screen when off duty.

Water-saving

- Using water-saving devices;
- Implementing appropriate control of water flow; and
- Performing timely checks and repairs on water dripping, seepage and leakage.

Resources-saving

- Disseminating announcements and notices through the intranet instead of distributing papers;
- Reminding employees to print and copy working documents only when necessary;
- Reminding employee print and copy documents on both sides of the paper;
- Reminding employee reuse paper with one-sided contents for printing and copying; and
- Encouraging and reminding employee on paper recycling.

According to the Management Procedure for the Use of Vehicles, employees who intend to use corporate vehicles for work must submit an application in advance. The administrative department will then arrange vehicles and plan the routes based on the number of passengers and distance to avoid unnecessary transportation as much as practicable. In addition, we try not to use corporate vehicles for picking up employees for business trips. Where vehicles are needed for such purpose, employees are required to gather at one place before departure to reduce the fuel consumption. To minimize our GHG emissions and energy consumption, we perform vehicle maintenance regularly to ensure safety and optimize fuel consumption.

Energy Consumption

The Group's energy consumption was from the usage of vehicles (direct energy consumption) and the electricity consumption (indirect energy consumption). During the Reporting Period, the resource consumption data of the Group is presented as follows:

Energy Consumption	Unit	2024	2023
Direct Energy Consumption	'000 kWh	35.85	0
Vehicle Fuel (Gasoline)	L	4,045.00	0
Indirect Energy Consumption	'000 kWh	29.30	31.27
Electricity	'000 kWh	29.30	31.27
Total Energy Consumption[13]	'000 kWh	65.14	31.27
Energy Consumption Intensity	'000 kWh/employee[14]	2.61	0.63

During the Reporting Period, the purchased electricity was approximately 29.30 ('000 kWh), which presented a substantially decrease of 6% compared with 2023, demonstrating the effectiveness of the Group's energy saving policies and measures. However, the intensity of total energy consumption has increased by 317% due to the sharp reduction on the Group's employees and the increase in vehicle usage during the Reporting Period.

Looking ahead, the Group will closely monitor the consumption of resources and continue to implement and improve the corresponding resource-saving practices.

Paper Consumption

The paper consumption was mainly for offices and administrative use from offices. During the Reporting Period, the paper consumption is presented as follows:

	Unit	2024	2023
Paper Consumption	Kg	135.34	78.84

During the Reporting Period, the paper consumption was 135.34 kg, an increase of 72% compared to 2023, mainly due to the increase in the Group's operational activities.

[13] Numbers have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

[14] As at 31 December 2024, the number of employees of the Group are 25.

The Group has implemented policies in managing paper usage, including:

- Implementing 3R policy (i.e. reduce, reuse and recycle);
- Implementing Office Automation (OA) System;
- Setting up default duplex-printing system; and
- Encouraging employee's communication via electronic means.

Looking ahead, the Group will continue in reducing the paper consumption and increase the recycling rate to reduce the generation of waste paper.

Water Consumption

Water resources were provided by local water supplier, the Group did not have difficulties in water sourcing. The Group's business does not require significant use of water. Water consumption in the business units is mainly for domestic use. The water charges incurred by the operating units of the Group were included in office rents which is controlled by the property management, therefore no record is available for the actual water consumption.

Packaging Material Management

The Group is a service provider in the real estate industry. No additional packaging material is required for the goods from the suppliers in our operation, thus there was no significant consumption of packaging material during the Reporting Period.

The Environment and Natural Resources

The Group's operations did not have any direct impact on the environment and natural resources. However, indirect GHG emission would aggravate global warming. The Group strives to reduce indirect GHG emissions and its impact on the environment and natural resources through the Green Office Management Procedure (辦公室綠色環保制度). Various measures regarding conservation of environmental and natural resources can be found in the "Emissions" and "Use of Resources" sections.

Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays. Immediate action is imperative to safeguard our environment and communities for a sustainable future.

In recent years, the frequency of extreme weather events, such as strong winds, heavy rainfall, tides and floods has escalated. Logistics and supply chains are particularly vulnerable to these challenges. Heavy rainfall, rising tides and floods can cause serious damage to assets such as buildings and goods in storage, resulting in financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change, which is recognized as one of the most significant risks to the world in the next five years.

Nevertheless, the Group remains steadfast in our commitment to climate action. Looking ahead, the Group will continuously strive to enhance its disclosure to provide transparent and credible climate-related information to stakeholders, including investors and capital providers. The Group's business units have also strengthened its analysis on assessing the climate-related risks and opportunities specific to their markets.

Reduction Targets

The Group essentially plans to respond to local government initiatives and follow the local governments' emission reduction requirements. We aim to reduce emissions by 3% by 2026 and ensure the Group's greenhouse gas emissions will comply with the local requirements on or before 2030. Our target is to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in the PRC. We are committed to continuously improving our energy efficiency, applying professional knowledge to enhance on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

Risks and Opportunities

Throughout the years, we have seized various opportunities to expand our business and accelerate the transformation, so as to achieve a more environmentally friendly working environment. For instance, adoption of automation and digital platforms for online conference to reduce carbon footprint in transportation. These measures enhance our performances in sustainability, aligning with our commitment to resource management and environmental protection.

The Group has identified a series of climate-related risks and opportunities relevant to our assets and services which are significant to our operations. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0–1 year)	• Physical risks from extreme weather events • Securing the skills and capability required to implement climate strategy	• New services to help communities decarbonise • Technologies to enhance the performance of operation and energy efficiency
Medium term (5 years)	• Transition risks – Implementation of low-carbon policies for the operation • Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account	• Transitioning to low carbon economy market to meet government decarbonisation targets • Opportunities arising from transition enablers
Medium to long term (5+ years)	• Transition risks – Potential new regulation and policies • Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness • Transition risks – the Group reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy	• Transitioning to low carbon economy market to meet government decarbonisation targets • Opportunities arising from transition enablers • To work as a pioneer in the industry and build up the relevant reputations

Climate-related physical risks can potentially damage the integrity of the Group's assets or interrupt our service delivery and customers directly. The Group has already established various measures to enhance the reliance of its operations. Extreme weather events can cause physical damage to our assets or reduce operational efficiency, increase our repair and maintenance costs, and service disruptions for customers or even leading to temporary stoppage of our operations. The Company's operations could also be affected directly and indirectly by these events, for instance damage to assets along the supply chain and water supply, in particular the procurement of materials and food, affecting the Group's ability and reliability to deliver quality services.

Climate-related transition risks have the potential to increase the operational cost and legal liabilities due to the policy shifts, technological advancement, digitalisation, relevant risks impacting supply and demand, and the Group's reputation due to public perceptions. The Group has already identified the relevant risks and continue to monitor the market and policy updates. The Group has also outlined plans to invest according to the market demands for its long term development.

Low-carbon Future

The Group is prepared to address the threats that climate change poses to both our business and the communities that we serve.

We are determined to deliver safe, reliable and affordable services to our customers. We recognize the increasing importance of our environmental responsibility. Every one of us needs to play our part, and together, we can accelerate the pace toward low carbon transition and create a sustainable world for our future.

THE STOCK EXCHANGE "ESG GUIDE" CONTENT INDEX

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Subject Area A. Environmental		
Aspect A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Aspect A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material Management
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Labour Practice
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practice
Aspect B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Aspect B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Staff Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Staff Development and Training
Aspect B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Caring for Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Employees

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Operating Practices		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices
KPI B5.1	Number of suppliers by geographical region.	Operating Practices
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Operating Practices
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices
Aspect B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Service Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Service Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of Customers Privacy and Corporate Information

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Explanation/Reference Section
Aspect B7 Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of the Company's principal subsidiaries are provision of property consultancy and sales agency services for the property markets mainly in the PRC and Southeast Asia. Particulars of the Company's subsidiaries are set out in note 21 to the consolidated financial statements. The nature of the principal activities of the Group has not changed during the year under review.

A review of the Group's business and likely future development can be found in the section headed 'Management Discussion and Analysis' of this annual report. For a description of the principal risks and uncertainties facing the Group, please refer to the sections headed 'Corporate Governance Report' and 'Environmental, Social and Governance Report' in this annual report.

Environmental Policy and Performance

As a property consulting and sales agency service enterprises, the Group understood that we shoulder the relevant duties and obligations to environmental protection. Although our business nature has less impact on the environment and natural resources, we also formulated the relevant environmental policy to guide us comply with the relevant environmental laws and regulations, adopted various environmental measures in our daily operations and lower the carbon footprint of the Group. It includes energy saving, water conservation and paper usage reduction in office. We continued to seek for any suitable opportunity to reduce our impact on environment in our daily operation. For details of the environmental policy and performance of the Group, please refer to the section headed "Environmental, Social and Governance Report" in this report.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2024, the Group has complied with all relevant laws and regulations that have a significant impact on the Group.

The Important Relationship between the Group and its Employees, Customers and Suppliers

The Group has maintained a good relationship with its employees, customers and suppliers that have a significant impact on the Group and on which the Group's success depends.

Employees: The Group deeply believes that its employees are essential to its continuous business growth. We strive to provide our employees with fair and competitive remuneration and benefits, maintain reasonable promotion ladder, provide a variety of training to enhance comprehensive quality of employees and facilitate their personal and career development. We also strictly complied with relevant labour and occupational safety laws and regulations in the location of operation to safeguard the reasonable interest of our employees. Meanwhile, we organized and held activities for our staffs on a regular basis in order to closely connected with them and enhance the cohesion and bonding. In addition, we put great emphasis on staffs' health and safety and committed to providing a tidy, comfortable and safe workplace for our staff in order to lower the chance of workplace injury. In order to understand the ideas and advices of our staff towards the Group, our staff could express their opinions to the management through our established communication channels and strengthen their mutual relationships.

Customers: The major customers of the Group include property buyers, sellers, owners and potential investors. We are committed to providing comprehensive and quality property consulting and sales services to the customers, render clear and accurate information of property projects and market intelligence, as well as fulfill confidentiality obligations to protect data privacy of the customers to earn their trust.

Suppliers: The major suppliers of the Group include suppliers of office supplies and other property service providers, including but not limited to renovation services and advertisement designing services. The Group seeks to maintain impartial and long-term cooperation with the suppliers and formulated a set of procurement and tendering process, supplier selection process and code of conduct to properly manage suppliers, to ensure a fair and square tendering process and maintain a business environment which allows fair competition among suppliers to attain mutual trust and respect. Moreover, we also assess the performance of our suppliers on a regular basis to ensure the product and service standard of our suppliers maintain at a high quality level.

For details of the relationship between the Group and its employees, customers and suppliers, please refer to the section headed "Environmental, Social and Governance Report" in this report.

Business Review

During the year under review, the Company has complied with all the relevant laws and regulations that have a significant impact on the operations of the Group. The Group has maintained a good relationship with its employees, customers and suppliers.

Further discussion and analysis of the business review as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including, among others, a description of the principal risks and uncertainties facing the Group and an indication of the likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" as set out on pages 10 to 16 of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and the Group as at 31 December 2024 are set out in the consolidated financial statements on pages 86 to 87 of this report.

On 21 February 2025, the Directors resolved not to recommend any final dividend to the shareholders of the Company (the "Shareholders") for the year ended 31 December 2024.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors it may deem relevant at such time. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, and the articles of association of the Company ("Articles of Association").

The Board would aim to recommend an annual dividend payment at a target payout ratio in a range of 10% to 30% of the Group's consolidated net profit for distribution to the Shareholders for the then financial year, subject to the criteria set out in the Dividend Policy.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

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.

INVESTMENT PROPERTIES

Details of investment properties of the Group are set out in note 20 to the consolidated financial statements as well as the section headed "Summary of Major Properties" on page 154 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and of the Group during the year under review are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year under review are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Company and of the Group are set out in note 30(b) to the consolidated financial statements and the consolidated statement of changes in equity on page 148, respectively.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands, Cap. 22 (Act 3 of 1961, as revised and consolidated from time to time), the share premium is available for distribution to Shareholders subject to the provisions of the articles of association of the Company (the "Articles of Association"), and no distribution may be paid to Shareholders out of the Company's share premium unless the Company shall be able to pay its debt as they fall due in the ordinary course of business. As at 31 December 2024, the Company's has no (2023: Nil) reserves available for distribution.

GROUP FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are summarized in the section headed "Summary of Financial Information" on page 153 of this report.

DIRECTORS

The Directors of the Company during the year under review and up to the date of this report are as follows:

Executive Directors

Mr. Chiang Chen Feng *(Chairman)*
Ms. Chang Hsiu Hua
Mr. Han Lin

Non-Executive Director

Ms. Lin Chien Ju

Independent Non-Executive Directors

Mr. Cui Shi Wei
Mr. Lam Chun Choi
Mr. Chow Yiu Ming

According to Article 108(A) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Chiang Chen Feng, Mr. Han Lin and Mr. Chow Yiu Ming will retire as Directors and, being eligible, offer themselves for re-election as Directors at the 2025 AGM.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and as at the date of this report, the Company still considers all of them to be independent.

MECHANISMS FOR INDEPENDENT VIEWS AND INPUT TO THE BOARD

To ensure independent views and input are available to the Board, the following mechanisms are implemented.

1. The Board requires that each independent non-executive Directors provide written confirmation as to the factors affecting their independence as provided under the Listing Rules every year.

2. In recruiting independent non-executive Directors, the Nomination Committee shall assess if the candidate(s) would be independent with reference to, among others, the relevant guidelines set out in the Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships and significant links with other Directors, time commitment, professional qualifications and relevant work experience.

3. The Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the diversity policy of the Board and measurable objectives (if any) to achieve Board diversity, on an annual basis.

4. The Board shall also take into account the lack of involvement in the daily management of the Company and the relationship or circumstances of the independent non-executive Directors and their prospective candidates which would affect the exercise of their independent judgement.

5. The Chairman shall meet with the independent non-executive Directors at least once a year without the presence of the other Directors to solicit their views and discuss matters concerning the Group.

6. The Board shall also ensure that further re-appointment of any long-serving independent non-executive Director is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 1 June 2006 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by either party giving to the other not less than three months' advance written notice of termination.

Each of Ms. Lin Chien Ju, a non-executive Director and Mr. Cui Shi Wei, an independent non-executive Director, has been appointed for a term of one year commencing from 10 June 2006; while Mr. Lam Chun Choi, an independent non-executive Director, has been appointed for a term of one year commencing from 19 September 2017; while Mr. Chow Yiu Ming, an independent non-executive Director, has been appointed for a term of one year commencing from 21 June 2019, all of which are renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other party.

None of the Directors proposed for re-election at the forthcoming 2025 AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (except for statutory compensation).

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

The emolument payable to Directors is determined by the Board with reference to recommendations given by the remuneration committee of the Company to the Board taking into account the Directors' duties and responsibilities. Details of the Directors' remuneration during the year under review is set out in note 14 to the consolidated financial statements.

The remuneration of the senior management of the Group during the year under review are set out below in bands:

	Number of individuals	
	2024	2023
HK$Nil to HK$1,000,000 (equivalent to approximately RMBNil to RMB903,000) (2023: equivalent to approximately RMBNil to RMB901,000)	**2**	2

Save as disclosed in the section headed 'Share Option Scheme' in this Directors' Report, there was no equity-linked agreement entered into by the Company during the year, or which subsisted at the end of the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Particulars of related party transaction and balances are disclosed in note 33 to the consolidated financial statements. Such related party transactions are fully exempted connected transactions or continuing connected transactions which have complied with the requirements of Chapter 14A of the Listing Rules.

Save as disclosed above, there was no transaction, arrangement or contract subsisting during or at the end of the year entered into by the Company or its subsidiaries in which any Director or an entity connected with a Director was materially interested, whether directly or indirectly, and which was significant in relation to the business of the Group.

CONTRACTS OF SIGNIFICANCE

No contracts of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries nor contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during or at the end of the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

Name of Directors	Company/ Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding (Note 12)
Mr. Chiang Chen Feng ("Mr. Chiang")	The Company	Interest of a controlled corporation (Note 2)	89,659,979 Ordinary Shares (L)	36.42%
		Beneficial owner and interest of spouse (Note 3)	1,637,390 Ordinary Shares (L)	0.67%
		Beneficial owner and interest of spouse (Note 4)	4,200,000 Ordinary Shares (L)	1.71%
Ms. Lin Chien Ju ("Ms. Lin")	The Company	Interest of a controlled corporation (Note 5)	43,722,460 Ordinary Shares (L)	17.76%
		Beneficial owner (Note 6)	100,000 Ordinary Shares (L)	0.04%
Mr. Han Lin ("Mr. Han")	The Company	Beneficial owner	7,051,801 Ordinary Shares (L)	2.86%
		Beneficial owner (Note 7)	1,500,000 Ordinary Shares (L)	0.61%

Name of Directors	Company/ Name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding (Note 12)
Ms. Chang Hsiu Hua ("Ms. Chang")	The Company	Interest of spouse (Note 8)	89,659,979 Ordinary Shares (L)	36.42%
		Beneficial owner and interest of spouse (Note 9)	1,637,390 Ordinary Shares (L)	0.67%
		Beneficial owner and interest of spouse (Note 10)	4,200,000 Ordinary Shares (L)	1.66%
Mr. Cui Shi Wei ("Mr. Cui")	The Company	Beneficial owner (Note 11)	200,000 Ordinary Shares (L)	0.08%

Notes:

1. The letter "L" denotes the Directors' long position in the shares ("Shares") or underlying Shares of the Company.

2. These Shares were registered in the name of Active Star Investment Limited ("Active Star"), the entire issued capital of which was owned by Mr. Chiang. Mr. Chiang and Ms. Chang were the directors of Active Star. Mr. Chiang was deemed to be interested in all the Shares in which Active Star was interested by virtue of the SFO.

3. The long position of Mr. Chiang in these 1,637,390 Shares comprised the 894,347 Shares and 743,043 Shares beneficially owned by him and his wife, Ms. Chang respectively. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang was interested by virtue of the SFO.

4. The long position of Mr. Chiang in these 4,200,000 Shares comprised 2,400,000 options and 1,800,000 options granted to him and his wife respectively by the Company under the share option scheme on 19 January 2017. Mr. Chiang was regarded as interested in all the Shares in which Ms. Chang was interested by virtue of the SFO.

5. These Shares were registered in the name of Upwell Assets Corporation ("Upwell Assets"), the entire issued capital of which was evenly owned by Ms. Lin and her sister, Ms. Lin Shu Chi. Ms. Lin was also one of the directors of Upwell Assets. Ms. Lin was deemed to be interested in all the Shares in which Upwell Assets was interested by virtue of the SFO.

6. The long position of Ms. Lin in these 100,000 Shares comprised the 100,000 options granted to her by the Company under the share option scheme on 19 January 2017.

7. The long position of Mr. Han in these 1,500,000 Shares comprised the 1,500,000 options granted to him by the Company under the share option scheme on 19 January 2017.

8. Ms. Chang was regarded as interested in all the Shares held by Active Star, of which Ms. Chang is a director and the entire issued share capital of was held by Mr. Chiang, her spouse.

9. The long position of Ms. Chang in these 1,637,390 Shares comprised the 743,043 Shares and 894,347 Shares beneficially owned by her and her spouse, Mr. Chiang, respectively. Ms. Chang was regarded as interested in all the Shares in which Mr. Chiang was interested by virtue of the SFO.

10. The long position of Ms. Chang in these 4,200,000 Shares comprised 1,800,000 options and 2,400,000 options granted to her and her spouse, Mr. Chiang, respectively by the Company under the share option scheme on 19 January 2017. Ms. Chang was regarded as interested in all the Shares in which Mr. Chiang was interested by virtue of the SFO.

11. The long position of Mr. Cui in these 200,000 Shares represented 200,000 options granted to him by the Company under the share option scheme on 19 January 2017.

12. These percentages are calculated on the basis of 246,183,390 Shares of the Company in issue as at 31 December 2024, assuming that all the outstanding options granted under the share option schemes had been exercised as at that date.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number and class of securities (Note 1)	Approximate percentage of shareholding
Active Star	Beneficial owner (Note 2)	89,659,979 Ordinary Shares (L)	36.42%
Upwell Assets	Beneficial owner (Note 3)	43,722,460 Ordinary Shares (L)	17.76%
Ms. Lin Shu Chi	Interest of a controlled corporation (Note 3)	43,722,460 Ordinary Shares (L)	17.76%
Honorway Nominees Limited ("Honorway Nominees")	Beneficial owner (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Honorway Investments Limited	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Mr. Ho Hau Chong, Norman	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Ms. Yvette Therese Ma	Interest of spouse (Note 5)	19,528,103 Ordinary Shares (L)	7.93%
Mr. Ho Hau Hay, Hamilton	Interest of a controlled corporation (Note 4)	19,528,103 Ordinary Shares (L)	7.93%
Ms. Sharon Young	Interest of spouse (Note 6)	19,528,103 Ordinary Shares (L)	7.93%
Mr. Zhu Kai	Beneficial owner	9,998,000 Ordinary Shares (L)	4.06%
	Interest of a controlled Corporation (Note 7)	3,096,000 Ordinary Shares (L)	1.26%

Notes:

1. The letter "L" denotes the shareholders' long position in the Shares or underlying Shares of the Company.

2. These Shares were registered in the name of Active Star, the entire issued share capital of which was owned by Mr. Chiang and of which Mr. Chiang and Ms. Chang are the directors. Mr. Chiang and Ms. Chang were therefore deemed to be interested in all the Shares in which Active Star was interested by virtue of the SFO.

3. These Shares were registered in the name of Upwell Assets, the entire issued share capital of which was evenly owned by Ms. Lin Shu Chi and Ms. Lin, a non-executive Director. Ms. Lin Shu Chi and Ms. Lin were deemed to be interested in all the Shares in which Upwell Assets was interested by virtue of the SFO.

4. These Shares were registered in the name of Honorway Nominees, which was held as to 99% by Honorway Investments Limited, which was in turn held as to 39% each by Mr. Ho Hau Chong, Norman and his brother, Mr. Ho Hau Hay, Hamilton. Mr. Ho Hau Chong, Norman, Mr. Ho Hau Hay, Hamilton and Honorway Investments Limited were deemed to be interested in all the Shares in which Honorway Nominees was interested by virtue of the SFO.

5. Ms. Yvette Therese Ma was deemed to be interested in all the Shares in which Mr. Ho Hau Chong, Norman, her spouse, was interested by virtue of the SFO.

6. Ms. Sharon Young was deemed to be interested in all the Shares in which Mr. Ho Hau Hay, Hamilton, her spouse, was interested by virtue of the SFO.

7. These Shares were registered in the name of Double Energy Limited, the entire issued share capital of which was owned by Mr. Zhu Kai. Mr. Zhu Kai was deemed to be interested in all the Shares in which Double Energy Limited was interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, no person (other than a Director or chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

A post-IPO share option scheme ("Share Option Scheme") was also adopted pursuant to the resolutions passed by all Shareholders on 17 June 2016. The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme will remain in force for a period of 10 years commencing from 17 June 2016, with a remaining life of approximately 2 years as at the date of this report.

Eligible participants of the Share Option Scheme include, among others, the Group's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, shareholders of the Group and the advisers or consultants of the Group.

Details of the movements in the Company's outstanding share options granted under the Share Option Scheme for the year ended 31 December 2024 were as follows:

Category of participant	Number of shares in respect of share options: Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled or lapsed during the year	Outstanding as at 31 December 2024	Date of grant (Note)	Exercise period	Exercise price per Share HK$	Closing price of the Shares on the trading day immediately before the date of grant HK$
Directors:									
Chiang Chen Feng	1,200,000	–	–	–	1,200,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	1,200,000	–	–	–	1,200,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	2,400,000	–	–	–	2,400,000				
Chang Hsiu Hua	900,000	–	–	–	900,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	900,000	–	–	–	900,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	1,800,000	–	–	–	1,800,000				
Han Lin	750,000	–	–	–	750,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	750,000	–	–	–	750,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	1,500,000	–	–	–	1,500,000				
Lin Chien Ju	100,000	–	–	–	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	100,000	–	–	–	100,000				
Cui Shi Wei	100,000	–	–	–	100,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	100,000	–	–	–	100,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	200,000	–	–	–	200,000				
Employees:									
In aggregate	50,000	–	–	–	50,000	19/1/2017	19/01/2018 to 18/01/2027	1.130	1.08
	750,000	–	–	–	750,000	19/1/2017	19/01/2019 to 18/01/2027	1.130	1.08
	800,000	–	–	–	800,000				
Total	6,800,000	–	–	–	6,800,000				

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time (i.e. 73,855,017 Shares as at the date of this report) (the "Overriding Limit"). No further options may be granted under the Share Option Scheme if this will result in the Overriding Limit being exceeded.

Subject to the Overriding Limit, the total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme, being 24,473,339 (representing approximately 9.9% of the issued share capital of the Company as at the date of this report) (the "General Scheme Limit").

The maximum number of Shares issuable under the options which may be granted to each eligible participant in the share option scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of options in excess of this limit is subject to Shareholders' approval in a general meeting.

Options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any options granted to a substantial shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million within any 12-month period are subject to Shareholders' approval in advance in a general meeting.

The offer of a grant of options may be accepted within 21 days from the date of offer of grant of the option, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the options granted is determinable by the Directors, which period may commence from the date on which the offer for grant of the options is made, and shall end in any event not later than 10 years from the date on which the offer for the grant of the options is made subject to the provisions for early termination thereof. There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price of the options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange's daily quotation sheets on the date of the offer for grant of the options; and (ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer for grant of the options; and (iii) the nominal value of the Shares.

As at the date of this report, the total number of Shares available for allotment and issue pursuant to the exercise of options granted under the Share Option Scheme is 6,800,000 Shares, representing approximately 2.76% of the issued share capital of the Company and the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme is 16,223,339 Shares, representing approximately 6.6% of the issued share capital of the Company.

As at 1 January 2024 and 31 December 2024, the number of options available for grant under the scheme mandate limit was 16,223,339.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

During the year under review, save as disclosed in the section headed "Share Option Scheme" in this Directors' Report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors nor exercised by any of them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate during or at the end of the year under review.

PERMITTED INDEMNITY PROVISION

The service agreements entered into by the Company with each of the executive Directors, which are currently in force and were in force during the year ended 31 December 2024, contain permitted indemnity provisions for the benefit of the executive Directors.

In accordance with the Articles of Association, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance) in force for the benefit of the Directors throughout the year under review and as at the date of this report, pursuant to which every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

In addition, the Company has also taken out and maintained directors' liability insurance during the year which provides appropriate cover for the Directors and directors of the subsidiaries of the Company.

During the year ended 31 December 2024, no claims were made against the Directors.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not a contract of service with any Director or any person engaged in the full-time employment of the Company were entered into or existed during the year.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities during the year under review.

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.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" in this report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's largest customer and five largest customers accounted for approximately 43.9% and 100% of the Group's total revenue for the Year respectively.

The aggregate purchase attributable to the Group's largest supplier and five largest suppliers accounted for approximately 35% and 49% of the Group's total purchases of the Year respectively.

None of the Directors or any of their close associates or any shareholder (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and five largest suppliers.

COMPETITION AND CONFLICT OF INTERESTS

The Directors confirmed that during the Year, they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group, that would require disclosure under Rule 8.10 of the Listing Rules.

PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by Confucius International CPA Limited who will retire at the conclusion of the forthcoming 2025 AGM. The Audit Committee recommended the re-election of Confucius International CPA Limited as the external auditor of the Group for the year ending 31 December 2025. A resolution will be proposed at the forthcoming 2025 AGM to re-appoint Confucius International CPA Limited as auditor of the Company for the year ending 31 December 2025. There was no change of auditor of the Company in the three years preceding this annual report.

On behalf of the Board
Fortune Sun (China) Holdings Limited

Mr. Chiang Chen Feng
Chairman

Hong Kong, 21 February 2025

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.

BOARD OF DIRECTORS

Board Composition

The Group is led by and controlled through the Board, which currently consists of three executive Directors, namely Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin, a non-executive Director, namely Ms. Lin Chien Ju, and three independent non-executive Directors, namely Mr. Chow Yiu Ming, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Chiang Chen Feng is the chairman of the Board. Their biographical details are set out on pages 6 to 8 of this report.

Save for the spousal relationship between Mr. Chiang Chen Feng and Ms. Chang Hsiu Hua, both being executive Directors, there is no other family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

All Directors including the non-executive Directors, are subject to retirement by rotation at annual general meetings of the Company at least once every three years pursuant to article 108(A) of the Articles of Association. During the year under review, Ms. Chang Hsiu Hua, Ms. Lin Chien Yu and Mr. Cui Shi Wei retired by rotation and were re-elected as Directors at the annual general meeting of the Company held on 21 June 2024.

Board's Responsibilities and Delegation

Members of the Board are individually and collectively accountable to the Shareholders for the sustainable development of the Company. The Board oversees the overall management and operations of the Group. Major responsibilities of the Board include approving the Group's overall business, financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, formulating and approving internal control and risk management systems and supervising and scrutinizing the performance of the management. The Directors have to make decisions objectively in the interests of the Company. All Board members have separate and independent access to the senior management, and are provided with timely information about the conduct of the business and development of the Company, including monthly reports and recommendations on significant matters to enable them to discharge their duties.

The executive Directors and senior management are responsible for implementation of the strategies and business direction adopted by the Board from time to time and supervision of the day-to-day operations of the Group. The executive Directors and senior management meet regularly to review the business performance of the Group as a whole and make financial and operational decisions.

Non-executive Directors

The non-executive Directors (including the independent non-executive Directors) have been appointed by the Company for a term of one year commencing from 10 June 2006, 19 September 2017 or 21 June 2019 renewable automatically for successive terms of one year commencing from the day next after the expiry of the then current term of appointment until terminated by not less than 3 months' notice in writing served by either the Company or the respective Director to the other.

All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules. Notwithstanding that certain of the independent non-executive Directors have served on the Board for more than nine years, in view that they have demonstrated the attributes as independent non-executive Directors during their tenure in office and taking into account their written confirmation of independence as regards Rule 3.13 of the Listing Rules, the Company considers that all the independent non-executive Directors to be independent and believes that their continued service as independent non-executive Directors will be beneficial to the Company and the Shareholders.

BOARD MEETINGS AND ATTENDANCE

It is intended that the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Additional meetings of the Board will be convened as and when required. Pursuant to article 133 of the Articles of Association, the Directors may participate in a Board or Board committee meeting either in person or through electronic means of communications. During the year ended 31 December 2024, the Board convened a total of four Board meetings (exclusive of meetings of Board committees constituted by the Board). The individual attendance record of the Directors at board meetings is tabulated as follows:

Name of Directors	Attendance/ Number of meetings
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	4/4
Ms. Chang Hsiu Hua	4/4
Mr. Han Lin	4/4
Non-executive Director	
Ms. Lin Chien Ju	4/4
Independent non-executive Directors	
Mr. Cui Shi Wei	4/4
Mr. Lam Chun Choi	4/4
Mr. Chow Yiu Ming	4/4

COMMITTEES OF THE BOARD

The Board has established the Executive Committee, the Nomination Committee, the Audit Committee and the Remuneration Committee (as defined below) for overseeing different aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and may seek independent professional advice in appropriate circumstances, at the Company's expense. The terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee are published on the Company's website (www.fortune-sun.com) and the Stock Exchange's website (www.hkexnews.hk).

Details of the membership, roles and functions of these Board committees are set out below.

Executive Committee

The Board has established an executive committee (the "Executive Committee") with written terms of reference on 12 January 2007. It consists of all of the executive Directors, namely, Mr. Chiang Chen Feng, Ms. Chang Hsiu Hua and Mr. Han Lin. Mr. Chiang Chen Feng is the chairman of the Executive Committee.

The Executive Committee meets as and when required to review and approve, inter alia, any matters concerning implementation of strategies, policies and procedures approved by the Board, and the day-to-day operations and management of the Group, and has all the general powers of the Board except those matters specifically reserved for the Board. The Executive Committee did not convene any meeting during the year ended 31 December 2024.

Nomination Committee

The Board has set up a nomination committee (the "Nomination Committee") on 10 June 2006. The written terms of reference of the Nomination Committee have been published on the websites of the Company and the Stock Exchange. The Nomination Committee currently consists of one executive Director, namely, Mr. Chiang Chen Feng and two independent non-executive Directors, namely, Mr. Chow Yiu Ming and Mr. Lam Chun Choi. Mr. Chiang Chen Feng is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board in respect of composition of the Board and its committees and policy and procedures of nomination and determination of new appointment and re-appointment of Directors, to monitor the implementation of the Board diversity policy and to ensure the effectiveness of the policy and to assess the independence of the independent non-executive Directors.

The Board has adopted a written policy for the nomination of new Director (the "Nomination Policy"). In evaluating and selecting any candidate for directorship, the criteria to be taken into account when considering the suitability of a candidate shall include his reputation for integrity and standing, his ability to devote sufficient time and attention to the affairs of the Company, and contribution to the board diversity policy of the Company as well as the effective carrying out by the Board of its responsibilities.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

i. The Board diversity policy adopted by the Company (the "Board Diversity Policy");

ii. Reputation for integrity;

iii. Accomplishment and experience that are relevant to the operations of the Company and its subsidiaries;

iv. Commitment in respect of sufficient time, interest and attention to the Company's affairs;

v. The ability to assist and support management and make significant contributions to the Company's success;

vi. Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive director; and

vii. Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

Procedures for Appointment of New Director

If the Board recognizes the need to appoint a new Director, the following procedures shall be adopted:

i. The Nomination Committee identifies candidates in accordance with the selection criteria set out in the Nomination Policy and Board Diversity Policy.

ii. The Nomination Committee evaluates the candidates and recommends to the Board the appointment of the appropriate candidate for directorship.

iii. The key terms and conditions of the appointment should be approved by the Remuneration Committee.

iv. The Board considers and decides the appointment based upon, among others, the recommendation of the Nomination Committee.

Procedures for Re-election of Director at General Meeting

i. The Nomination Committee reviews the overall contribution to the Group of the retiring Director.

ii. The Nomination Committee also reviews and determines whether the retiring Director continues to meet the selection criteria set out in the Nomination Policy and Board Diversity Policy (and Listing Rules in the case of independent non-executive Directors).

iii. The Nomination Committee shall make appropriate recommendations to the Board which shall then make recommendation to the Shareholders in respect of the proposed re-election of Director at the general meeting.

Pursuant to the Board Diversity Policy, when reviewing the composition of the Board and considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership, cultural and educational background, race, gender, age and professional ethics of potential candidates and also business needs of the Company.

With reference to the business needs of the Group, the following measurable objectives have been set for implementing the Board Diversity Policy of the Company: (a) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors; (b) a prescribed proportion of Board members shall have attained bachelor’s degree or above; (c) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications; (d) a prescribed proportion of Board members shall have more than seven years of experience in the industry they specialized in; and (e) a prescribed proportion of Board members shall have China-related work experience. Based on the review by the Nomination Committee, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the Board Diversity Policy of the Company for the year under review. For further details of the Company’s Board Diversity Policy, please refer to the paragraph headed “Board Diversity Policy” in this report.

During the year ended 31 December 2024, the Nomination Committee convened one meeting to review the policy and procedures for nomination of Directors; to review the process and criteria adopted to select and recommend candidates for directorship; to review the terms of reference; to review the independence of independent non-executive Directors, and to review the board diversity policy. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Members	Attendance/ Number of meeting
Mr. Chiang Chen Feng *(Chairman)*	1/1
Mr. Lam Chun Choi	1/1
Mr. Chow Yiu Ming	1/1

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference on 10 June 2006. The written terms of reference have been published on the websites of the Company and the Stock Exchange. The Audit Committee consists of three 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 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. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Members	Attendance/ Number of meetings
Mr. Cui Shi Wei	3/3
Mr. Lam Chun Choi	3/3
Mr. Chow Yiu Ming	3/3

Remuneration Committee

The Board has established a remuneration committee (the "Remuneration Committee") with written terms of reference on 10 June 2006. The written terms of reference have been published on the websites of the Company and the Stock Exchange. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Chow Yiu Ming, Mr. Cui Shi Wei and Mr. Lam Chun Choi. Mr. Cui Shi Wei is the chairman of the Remuneration Committee.

The primary duty of the Remuneration Committee is to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to individual executive Directors and senior management as well as review or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee had reviewed and approved the payment of bonus to senior management and staff of the Group for the financial year ended 31 December 2024. The Remuneration Committee had also given recommendations to the Board in respect of remuneration packages payable to the Directors and senior management, the emolument policy and long-term incentive schemes of the Group. During the year ended 31 December 2024, one meeting of the Remuneration Committee was held. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Members	Attendance/ Number of meetings
Mr. Cui Shi Wei *(Chairman)*	1/1
Mr. Lam Chun Choi	1/1
Mr. Chow Yiu Ming	1/1

BOARD DIVERSITY POLICY

The Company has a Board Diversity Policy whereby it recognizes and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

During the Year and as at the date of this report, the Board comprises seven Directors, two of which are female. The following tables further illustrate the diversity of the Board members as of the date of this report:

	Age Group		Ethnicity
Name of Director	50 to 59	60 or Above	Chinese
Mr. Chiang Chen Feng		✓	✓ (Taiwan)
Ms. Chang Hsiu Hua	✓		✓ (Taiwan)
Mr. Han Lin	✓		✓
Ms. Lin Chien Ju	✓		✓ (Taiwan)
Mr. Cui Shi Wei		✓	✓
Mr. Lam Chun Choi	✓		✓ (Hong Kong Resident)
Mr. Chow Yiu Ming	✓		✓ (Hong Kong Resident)

	Educational Background				Professional Experience		
Name of Director	Business Management/ Business Administration	Law	Accountancy	Others	Property Agency	Law	Auditing and Finance
Mr. Chiang Chen Feng	✓				✓		
Ms. Chang Hsiu Hua			✓		✓		
Mr. Han Lin				✓	✓		
Ms. Lin Chien Ju	✓				✓		
Mr. Cui Shi Wei		✓			✓	✓	
Mr. Lam Chun Choi		✓				✓	
Mr. Chow Yiu Ming			✓				✓

At present, the Nomination Committee considers that an appropriate balance of gender diversity of the Board is maintained for purposes of achieving the Group's business objectives. The Nomination Committee will monitor the Group's business needs and consider further appointment of female directors as appropriate. In order to build a pipeline of potential successors for the Board to increase gender diversity in the Board in the upcoming years, the Group will also proactively provide trainings to its senior management staff to create an inclusive workplace and may also work with human resources firms to identify potential successors for the Board.

GENDER RATIO OF THE WORKFORCE OF THE GROUP

Details of the gender ratio of the workforce of the Group can be found in the section titled "Environmental, Social and Governance Report" in this annual report.

Based on the existing composition of workforce, the Directors consider that the workforce has more or less gender parity and so no target in respect of gender ratio for the workforce has been set. The Board will periodically monitor the gender composition of the workforce, business needs and development plans of the Group and set gender recruitment targets if and as needed.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Board determined the policy for the corporate governance of the Company. The Board has performed the corporate governance duties including: (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and (e) to review the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

During the year under review, the Directors are provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time and time, to ensure compliance by the Directors and to enhance the Directors' awareness of good corporate governance practices.

According to the records provided by the Directors, a summary of the trainings received by Directors during the year under review is as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	A
Ms. Chang Hsiu Hua	A
Mr. Han Lin	A
Non-executive Director	
Ms. Lin Chien Ju	A
Independent non-executive Directors	
Mr. Cui Shi Wei	A
Mr. Lam Chun Choi	A, B
Mr. Chow Yiu Ming	A, B

Notes:

A: attending briefing sessions and/or seminars relating to matters in financial, legal and corporate governance

B: reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements

ACCOUNTABILITY AND AUDITOR'S REMUNERATION

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, other price-sensitive announcements and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enables it to prepare the accounts and to make the above assessments.

For the year ended 31 December 2024, the remuneration payable/paid to Confucius International CPA Limited, the external auditor of the Company, is set out as follows:

Services rendered	Fees payable/ paid RMB'000
Audit services	320

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the accounts for the year under review.

The external auditor of the Company acknowledges its reporting responsibilities in the independent auditor's report on the consolidated financial statements for the year under review.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness, while the management and other personnel are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance against material misstatement or loss.

During the year under review, to identify, evaluate and manage significant risks, the risk management and internal control systems of the Group included the following main features:

- reviewing the organizational objectives;
- assessing the risk management philosophy to determine the risk tolerance level of the Group; and
- performing an entity-level risk assessment.

The Group adopted the standards set out in the Model Code and received confirmations from all Directors that they have complied with the Model Code throughout the year under review.

In relation to the procedures and internal controls of the Group for the handling and dissemination of inside information during the year under review, employees or Directors possessing such inside information should report the same to the Executive Director, who will in turn report to the Board. The Board will then discuss and handle the relevant disclosures or dissemination of inside information accordingly.

A. Risk Management and Internal Control Systems Review

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the year under review, the Company adopted a COSO ERM – Integrated Framework (2004) which is issued by the Committee of Sponsoring Organizations ("COSO") of The Treadway Commission to perform the risk assessment (the "Review") on the Group. The Review was designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group could be identified and appropriately managed. In addition, the Group aims to:

(i) promote consistent risk identification, measurement, reporting and mitigation;

(ii) set a common risk language to avoid any conflicting terminology or confusion in risk reporting;

(iii) develop and communicate policies on risk management and controls aligned with the business strategy; and

(iv) enhance reporting to provide transparency of risks across the Group.

During the Review, the Company conducted the following procedures:

– interviewing with department heads and management to identify the risks over the Company business units;

– quantifying the risks by financial data and market searches; and

– prioritizing the identified risks as high, medium and low risk.

The Company will perform the ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

During the year under review, the Board has conducted its annual evaluation of the findings pursuant to the Review and also the effectiveness of the internal control system of the Group and is satisfied with its findings.

B. Group Risk Report

In 2024, the Company conducted an annual Group-wide review based on the Group's ERM Framework to assess the risks relevant to the existing businesses of the Group. The Group Risk Report for 2024 was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

C. Internal Audit Function

During the year under review, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. Due to the Group's size, nature and complexity of the business, it would be more cost effective to appoint external independent professional to perform internal audit function to meet the Group's needs. The IC Advisor reported to the Audit Committee and to the Company's management. Based on the Company's risk assessment results, the IC Advisor recommended a three-year internal audit plan to the management which was endorsed by the Board and the Audit Committee. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit plan during the year under review. The IC Advisor reported the internal audit findings and recommendations to both the Audit Committee and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

The Board is of the view that, with the recommended improvements of the IC Advisor, the internal audit function of the Group is able to be carried out more effectively. The Directors will continue to engage external independent professionals to perform the Group's internal audit function and will continue to review the need for setting up an internal audit function.

D. Management's Confirmation on Risk Management

Based on the risk management mechanism and internal audit review activities mentioned in the aforementioned paragraphs, the management of the Group had provided a confirmation to the Board that the Group had maintained an effective and adequate risk management mechanism and internal control system during the year under review with which the Board concurred.

COMPANY SECRETARY

Mr. Lui Cheuk Wah has been appointed as company secretary of the Company since 13 April 2018. Mr. Lui has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association, extraordinary general meetings of the Company may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' Enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholder's communication policy (the "Policy") on 28 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by its corporate communication and corporate publications on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.fortune-sun.com).

Shareholders may at any time put enquiries to the Board. Any such questions shall be directed to the company secretary of the Company by the means set out below:

Address:	Unit 80, 8th Floor, Woon Lee Commercial Building, 7–9 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong
Hotline:	(852) 2893 7866
Fax:	(852) 2893 7177
Email:	info@fortune-sun.com

The company secretary of the Company shall, where appropriate, forward the Shareholders' enquiries and concerns to the Board and/or relevant board committees of the Company for their proper attention.

The Board has reviewed the implementation and effectiveness of the various methods available for shareholders to receive information and express their views, and with reference to the shareholders' participation and feedback over the course of the year, the Board considered that the Shareholders' Communication Policy to be effective during the year.

Putting Forward Proposals at Shareholders' Meeting

(i) To propose a person for election as a Director

Pursuant to article 113 of the Articles of Association, a Shareholder of the Company who wishes to propose a person other than a Director for election as a Director at a general meeting (the "Proposal") should lodge, at least seven clear days before the date of the general meeting, at the head office of the Company, i.e. Units 901, 9th Floor, Orient Building, No. 1500 Century Avenue, Pudong New District, Shanghai 200122, the PRC, (i) a written notice setting out the Proposal; and (ii) a written notice signed by the person to be proposed of his willingness to be elected. The procedures for shareholders to propose a person for election as a director is available on the Company's website (www.fortune-sun.com).

(ii) Other proposals

If a Shareholder wishes to make other proposals at a general meeting, he may lodge a written request, duly signed, at the Company's principal place of business in Hong Kong at Unit 80, 8th Floor, Woon Lee Commercial Building, 7–9 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong marked for the attention of the company secretary of the Company.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company endeavours to enhance investor relations and communications by setting up meetings with the investment community where appropriate. The Company also endeavours to respond to requests for information and queries from the investment community through the attendance by the executive Directors and designated senior management. In all cases great care is taken to ensure that no inside information is disclosed inadvertently or selectively. The Board is committed to providing clear and full information of the Company to Shareholders through the Group's interim and annual reports, circulars, announcements, notices, and other corporate communications to Shareholders as and when appropriate.

The Company's annual general meeting provides a good opportunity for communications between the Board and its Shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to Shareholders in the manner prescribed under the Articles of Association and the Listing Rules and such notice is also published on the Stock Exchange's website (www.hkexnews.hk) and the Investor Relations Section of our Company's website (www.fortune-sun.com). The chairman of the meeting and the attending Directors will answer questions on the Company's business and operations at the annual general meeting. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and its independence.

The 2024 annual general meeting was held on 21 June 2024. The individual attendance record of the Directors at the said meeting is tabulated as follows:

Name of Directors	Attendance/ Number of meetings
Executive Directors	
Mr. Chiang Chen Feng *(Chairman)*	1/1
Ms. Chang Hsiu Hua	1/1
Mr. Han Lin	1/1
Non-executive Director	
Ms. Lin Chien Ju	1/1
Independent non-executive Directors	
Mr. Cui Shi Wei	1/1
Mr. Lam Chun Choi	1/1
Mr. Chow Yiu Ming	1/1

Pursuant to article 72 of the Articles of Association and the Listing Rules, any vote of Shareholders at a general meeting of the Company must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Details of the procedures for conducting a poll will be explained during the proceedings of the general meeting.

Poll results will be published on both the Stock Exchange's website (www.hkexnews.hk) and the Investor Relations Section of our Company's website (www.fortune-sun.com) following any general meeting of the Company.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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TO THE MEMBERS OF FORTUNE SUN (CHINA) HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fortune Sun (China) Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 89 to 152, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of trade receivables Refer to note 22 to the consolidated financial statements The carrying amounts of trade receivables, amounted to RMB1,412,000, represented approximately 5% of the Group's total assets as at 31 December 2024 and were therefore significant to the consolidated financial statements. Provision is made for lifetime expected credit losses on trade receivables and trade deposits. Management applied judgement in assessing the expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and are adjusted to reflect current and forward-looking information, such as macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for loss allowance. The impairment assessment of trade receivables requires the application of judgements by management in determining their recoverability, having regard to the current creditworthiness and past collection history of the Group's customers.	Our procedures in relation to management's impairment assessment included: • Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to estimation of expected credit losses; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation; • Discussing with management about the recoverability of amounts that were past due at the reporting date; • Obtaining an understanding of the key parameters, inputs and assumptions of the expected credit loss model adopted by management, including historical default data and estimated loss rates; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management, including historical settlement patterns, default data, past due status and likely outcome of litigation against customers for overdue amounts, any post-year-end payments received up to the date of completing our audit procedures, current market conditions and forward-looking information; and • Re-performing the calculation of the loss allowance based on the Group's credit loss allowance policies. We found that the management's impairment assessment was supportable by credible evidence.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investment properties Refer to Note 20 to the consolidated financial statements The carrying amounts of investment properties, amounted to RMB9,743,000, representing approximately 35% of the Group's total assets as at 31 December 2024 and the impairment assessment of investment properties involved the use of significant judgements and estimates. Accordingly, we have identified impairment assessment of investment properties as a key audit matter. The management has determined the recoverable amounts of investment properties based on the fair value from independent valuation. The valuation is dependent on key assumptions that require significant management judgement including comparisons with market price. The management has concluded that the recoverable amounts were higher than their carrying amounts and no impairment provision was recognised.	Our procedures in relation to management's impairment assessment included: • Obtaining an understanding of and testing management's key internal controls over the impairment assessment of investment properties; • Evaluating the valuers' competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions adopted; • Assessing the reasonableness of market price estimated by the external valuer based on the recent transaction prices; and • Discussing the valuations with the valuer and challenging key estimates adopted in the valuation, including those relating to market selling prices, by comparing them with available market data and taking into consideration comparability and other local market factors. We found that the management's impairment assessment was supportable by credible evidence.

OTHER INFORMATION

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Directors in discharging their responsibility in this regard.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Confucius International CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate number: P04084

Hong Kong
21 February 2025

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	7	**1,350**	8,966
Cost of sales		**(1,829)**	(9,217)
Gross loss		**(479)**	(251)
Investment income and other gains and (losses), net	8	**677**	1,833
Operating and administrative expenses		**(7,711)**	(10,602)
Finance cost	9	**(83)**	(105)
Loss before tax		**(7,596)**	(9,125)
Income tax expense	11	**–**	–
Loss for the year attributable to owners of the Company	12	**(7,596)**	(9,125)
		RMB cents	RMB cents
Loss per share	17		
– Basic		**(3.09)**	(3.71)
– Diluted		**(3.09)**	(3.71)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	**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	18	**505**	597
Right-of-use assets	19	**1,756**	2,250
Investment properties	20	**9,743**	10,354
		12,004	13,201
Current assets			
Trade receivables	22	**1,412**	2,060
Prepayments and other deposits		**600**	843
Other receivables		**97**	368
Financial assets at fair value through profit or loss	23	**10,000**	3,126
Bank balances and cash	24	**3,489**	6,384
		15,598	12,781
Current liabilities			
Accruals and other payables	25	**4,000**	4,289
Lease liabilities	26	**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	26	**1,463**	1,897
Loan from a related company	32(b)	**18,000**	8,100
		19,463	9,997
Net assets		**3,705**	11,237

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	29	**24,394**	24,394
Reserves		**(20,689)**	(13,157)
Total equity attributable to owners of the Company		**3,705**	11,237

The consolidated financial statements on pages 89 to 152 were approved and authorised for issue by the Board of Directors on 21 February 2025 and signed on its behalf by:

Chang Hsiu Hua
Director

Han Lin
Director

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000 (note 31 (b)(i))	Merger reserve RMB'000 (note a)	Reserve fund RMB'000 (note b)	Share-based payment reserve RMB'000 (note 31(b)(ii))	Foreign currency translation reserve RMB'000 (note 31(b)(iii))	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	24,394	69,619	14,554	16,621	4,240	(1,909)	(107,128)	20,391
Total comprehensive expense for the year	–	–	–	–	–	(29)	(9,125)	(9,154)
At 31 December 2023	24,394	69,619	14,554	16,621	4,240	(1,938)	(116,253)	11,237
At 1 January 2024	**24,394**	**69,619**	**14,554**	**16,621**	**4,240**	**(1,938)**	**(116,253)**	**11,237**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**64**	**(7,596)**	**(7,532)**
At 31 December 2024	**24,394**	**69,619**	**14,554**	**16,621**	**4,240**	**(1,874)**	**(123,849)**	**3,705**

Notes:

a. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the aggregate of share capital and share premium of Fortune Sun (China) Holdings Limited (Formerly known as Millstone Developments Limited) ("Millstone") acquired pursuant to the Group reorganisation in 2006.

b. The reserve fund is set up by way of appropriation from the profit after tax in accordance with the relevant laws and regulations in the People's Republic of China (the "PRC"). The rate of appropriation to the reserve fund is subject to the decision of the board of directors of the PRC subsidiaries, but the minimum appropriation rate is 10% of the profit after tax for each year, until the accumulated balance reaches 50% of their registered capital. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the reserve fund can be used in setting off accumulated losses or to increase the capital of the subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(7,596)**	(9,125)
Adjustments for:			
Interest income		**(115)**	(12)
Depreciation of property, plant and equipment	18	**90**	90
Depreciation of right-of-use assets	19	**457**	543
Depreciation of investment properties	20	**246**	271
Finance cost	9	**83**	105
Loss (gain) on disposal of property, plant and equipment, net		**2**	(129)
Gain on disposal of investment properties		**(529)**	(1,864)
Fair value gain on financial assets at fair value through profit or loss		**–**	(36)
Realised gain on financial assets at fair value through profit or loss		**(25)**	(10)
Gain on early termination of lease		**(2)**	–
Allowance for expected credit loss on trade receivables		**438**	1,462
Operating loss before working capital changes		**(6,951)**	(8,705)
Decrease in trade receivables		**193**	5,018
Decrease in trade deposits		**–**	300
Decrease (increase) in prepayments and other deposits		**243**	(56)
Decrease in other receivables		**271**	607
Decrease in accruals and other payables		**(289)**	(1,182)
Net cash used in operating activities		**(6,533)**	(4,018)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**–**	154
Net proceeds from disposal of investment properties		**894**	2,589
Purchase of property, plant and equipment		**–**	(6)
Purchase of financial assets at fair value through profit or loss		**(10,000)**	(10,100)
Proceeds from disposal of financial assets at fair value through profit or loss		**3,151**	11,528
Interest received		**115**	12
Net cash flows (used in) generated from investing activities		**(5,840)**	4,177

	Notes	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES			
Loan from a related company raised	34	**10,900**	100
Repayment of loan from a related company	34	**(1,000)**	–
Repayment of lease liabilities	34	**(503)**	(595)
Net cash generated from (used in) financing activities		**9,397**	(495)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,976)**	(336)
Effect of foreign exchange rate changes		**81**	(11)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		**6,384**	6,731
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		**3,489**	6,384
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Represented by:			
Bank balances and cash	24	**3,489**	6,384

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. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared under the historical cost convention unless mentioned otherwise in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intra-group transactions, balances, cash flows and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(a) Consolidation *(Continued)*

Non-controlling interests represent the equity interest in a subsidiary not attributable directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statements of changes in equity. Non-controlling interests are presented in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners for the Company.

In the Company's statement of financial position, the investment in subsidiaries are stated at cost less impairment loss.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars ("HKD"). The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to profit or loss as part of the gain or loss on disposal.

(c) Property, plant and equipment

Property, plant and equipment, held for supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over their estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Furniture and fixtures	3 to 5 years
Computers	3 to 5 years
Computer software	10 years
Leasehold improvements	Over their expected useful lives, or over the unexpired period of the lease, if shorter
Motor vehicles	5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost over its estimated useful life of 35 to 40 years or the lease term, if shorter.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss in the period in which the property is derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or a change in expected payment under a residual value guarantee, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is recognised in accordance with note 4(j)(iv).

Allocation of consideration of a contract

When a contract contains lease and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract to each component on a relative stand-alone selling price basis.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

The Group as a lessor *(Continued)*

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modification, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(f) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "investment income and other gains and (losses), net" line item.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group has elected to measure loss allowance for trade receivables using the HKFRS 9 simplified approach and recognised lifetime ECL for trade receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of an identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise considered; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix, taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis, taking into consideration past due information and relevant credit information, such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

For trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities at amortised cost, including accruals and other payables, are initially recognised at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(h) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Revenue recognition *(Continued)*

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

(i) Comprehensive property consultancy and sales agency services

Revenue is recognised at a point in time when the service is rendered and the property buyer has executed the sales and purchase agreement and made the required down payment according to the terms and conditions stated in agency agreements. There is generally only one performance obligation for property agency services.

(ii) Pure property planning and consultancy service projects

Revenue is recognised over time, over the period of the agency contracts with reference to the progress towards complete satisfaction of that performance obligation. The relevant stages as stipulated in the contracts include the followings:

(i) Completion of a property development consultancy report on a project which includes a land search report, analysis of the investment return, feasibility study and/or advice on the project planning and design;

(ii) Completion of a marketing planning report on a project which includes advice on the market positioning of the relevant properties and/or representing the customer to undertake the project negotiation; and

(iii) Completion of a promotion planning report on a project which includes sales strategies, suggesting selling prices and plans for sales promotion for the relevant properties.

There is generally only one performance obligation.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(i) Revenue recognition *(Continued)*

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Rental income

Rental income under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(j) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognised as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

(k) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(l) Share-based payments

The Group incurs equity-settled share-based payments expenses for options to subscribe the Company's shares issued to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(m) Taxation

Income tax represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit or adjusted loss differs from profit or loss before tax recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(n) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(p) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(q) Related parties

(a) A person or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Related parties *(Continued)*

(b) *(Continued)*

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Useful lives of property, plant and equipment and investment properties

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment and investment properties. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment and investment properties of similar nature and functions. The Group will revise the depreciation charge when useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment and investment properties as at 31 December 2024 were approximately RMB505,000 and RMB9,743,000 respectively (2023: RMB597,000 and RMB10,354,000 respectively).

(b) Allowance for ECL on trade receivables

The Group makes allowance for ECL on trade receivables based on assumptions about risk of default and expected loss rates (Note 6(b)). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of a reporting period.

As at 31 December 2024, accumulated allowance for ECL on trade receivables amounted to approximately RMB5,048,000 (2023: RMB4,593,000).

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has limited exposure to foreign currency risk as most of its business transactions, assets and liabilities, except for bank and cash balances denominated in the United Stated Dollars ("USD"), are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2024, if RMB had weakened or strengthened by 5% (2023: 5%) against USD, with all other variables held constant, the consolidated loss after tax for the year would have been approximately RMB15,000 lower or higher (2023: loss after tax would have been approximately RMB15,000 lower or higher), arising mainly as a result of the foreign exchange difference on bank and cash balances denominated in USD.

(b) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade receivables. The average credit period granted to customers for trade receivables is 90 days. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts on a regular basis. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk on its trade receivables as the Group's largest customer accounted for approximately 48% (2023: 51%) and five largest customers accounted for approximately 97% (2023: 68%) of the trade receivables at the end of reporting period.

Trade receivables and other financial assets at amortised cost are subject to the expected credit loss model.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group measures expected credit losses on a combination of both individual and collective basis.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Trade receivables *(Continued)*

Measurement of expected credit loss

Receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for the provision for an impairment allowance.

Expected credit losses are estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for the likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Provision on individual basis	**82.0**	**6,149**	**5,043**
Provision on collective basis			
Current (not past due)	**1.1**	**283**	**3**
Up to 3 months past due	**11.1**	**9**	**1**
3 to 9 months past due	**5.3**	**19**	**1**
		6,460	**5,048**

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2023:

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Provision on individual basis	88.6	5,122	4,540
Provision on collective basis			
Current (not past due)	0.7	565	4
Up to 3 months past due	2.8	226	6
3 to 9 months past due	5.8	740	43
		6,653	4,593

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Trade receivables *(Continued)*

Measurement of expected credit loss (Continued)

Expected loss rates are based on historical pattern from the past 3 years, time value of money where appropriate and forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle the trade receivables. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in notes 22 to the consolidated financial statements.

Other financial assets

Measurement of expected credit loss

Loss allowance for other financial assets at amortised cost, which mainly comprise of other receivables, are measured on a 12-month ECL basis. As at 31 December 2024, the balance of loss allowance in respect of other financial assets at amortised cost was RMB Nil (2023: RMB Nil).

The credit risk on bank and cash balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Year ended 31 December 2024						
Non-derivative financial liabilities						
Accruals and other payables	–	4,000	–	–	4,000	4,000
Lease liabilities	4.55	498	511	1,023	2,032	1,897
Loan from a related company	2.50	450	450	18,450	19,350	18,000
		4,948	961	19,473	25,382	23,897

	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Year ended 31 December 2023						
Non-derivative financial liabilities						
Accruals and other payables	–	4,289	–	–	4,289	4,289
Lease liabilities	4.55	543	498	1,534	2,575	2,356
Loan from a related company	–	–	–	8,100	8,100	8,100
		4,832	498	9,634	14,964	14,745

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group's exposure to cash flow interest rate risk arises from its bank balances. Bank balances bear interest at variable rates which vary with the prevailing market condition. The management is of opinion that the Group's exposure to interest rate risk is minimal since fluctuation of interest rates of lease liabilities, and bank balances is expected to be insignificant. Accordingly, no interest rate risk sensitivity is presented.

(e) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets:		
Financial assets at FVTPL	**10,000**	3,126
Financial assets at amortised cost (including bank balances and cash)	**5,531**	9,161
	15,531	12,287
Financial liabilities:		
Financial liabilities at amortised cost	**23,897**	14,745

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair values measurements of financial instruments

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2: Fair value measured using Level 2 inputs i.e. other than quoted prices included within Level 1, that are observable for the assets or liabilities either directly or indirectly.

- Level 3: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2024	**Fair value measurements as at 31 December 2024**			Fair value at 31 December 2023	Fair value measurements as at 31 December 2023		
		Level 1	**Level 2**	**Level 3**		Level 1	Level 2	Level 3
Financial assets at FVTPL – unlisted wealth management products	**10,000**	**–**	**10,000**	**–**	3,126	–	3,126	–

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of unlisted wealth management product was determined by quoted prices provided by the issue bank of the product in PRC.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial assets and financial liabilities at amortised cost as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

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

	2024 **RMB'000**	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
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

Details of the Group's performance obligations for revenue from contracts with customers resulting from application of HKFRS 15 are set out in note 4(i) to the consolidated financial statements.

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

	2024 RMB'000	2023 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 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.

9. FINANCE COST

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

10. 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.

11. 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%).

11. INCOME TAX EXPENSE *(Continued)*

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 RMB'000	2023 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	**–**	–

12. LOSS FOR THE YEAR

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

	2024 RMB'000	2023 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)

13. EMPLOYEE BENEFITS EXPENSE

	2024 RMB'000	2023 RMB'000
Employee benefits expense:		
Salaries, bonuses and allowances	**4,148**	5,219
Retirement benefits scheme contributions	**770**	1,280
	4,918	6,499

The five highest paid individuals in the Group during the year included three (2023: three) directors whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining two (2023: two) individuals are set out below:

	2024 RMB'000	2023 RMB'000
Fees, salaries and allowances	**917**	731
Retirement benefit scheme contributions	**73**	18
	990	749

The emoluments fell within the following band:

	Number of individuals 2024	 2023
HK$Nil to HK$1,000,000 (equivalent to RMBNil to RMB912,000) (2023: equivalent to RMBNil to RMB901,000)	**2**	2

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' remuneration is set out below:

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees	Salaries and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Chiang Chen Feng	**–**	**282**	**–**	**–**	**282**
Ms. Chang Hsiu Hua	**–**	**254**	**–**	**–**	**254**
Mr. Han Lin	**–**	**143**	**50**	**–**	**193**
Non-executive director					
Ms. Lin Chien Ju	**–**	**119**	**–**	**–**	**119**
Independent non-executive directors					
Mr. Cui Shi Wei	**121**	**–**	**–**	**–**	**121**
Mr. Lam Chun Choi	**131**	**–**	**–**	**–**	**131**
Mr. Chow Yiu Ming	**121**	**–**	**–**	**–**	**121**
Total for 2024	**373**	**798**	**50**	**–**	**1,221**
Executive directors					
Mr. Chiang Chen Feng	–	289	–	–	289
Ms. Chang Hsiu Hua	–	276	–	–	276
Mr. Han Lin	–	180	61	–	241
Non-executive director					
Ms. Lin Chien Ju	–	114	–	–	114
Independent non-executive directors					
Mr. Cui Shi Wei	146	–	–	–	146
Mr. Lam Chun Choi	130	–	–	–	130
Mr. Chow Yiu Ming	119	–	–	–	119
Total for 2023	395	859	61	–	1,315

14. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2023: Nil).

The remuneration of the Directors by band for the years ended 31 December 2024 and 2023 is set out below:

	Number of individuals	
	2024	2023
HK$Nil to HK$1,000,000 (equivalent to RMBNil to RMB912,000) (2023: equivalent to RMBNil to RMB901,000)	**3**	3

During the year, no emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or any other office in connection with the management of affairs of any member of the Group.

Certain Directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 32 to the Group's consolidated financial statements.

(b) Loans, quasi-loans and other dealings in favour of Directors

No loans, quasi-loans and other dealing arrangements in favour of the Directors or entities controlled by or connected with such Directors, subsisted at the end of the year or at any time during the year (2023: Nil).

(c) Directors' material interests in transactions, arrangements or contracts

Apart from the transactions as disclosed in note 32(a) and (b), no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

15. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme (the "PRC Pension Scheme") operated by the local municipal government. Each subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of the subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

During the years ended 31 December 2023 and 2024, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution to MPF Scheme and PRC Pension Scheme, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2023 and 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.

16. 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).

17. 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.

18. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Computers RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Computer software RMB'000	Total RMB'000
Cost						
At 1 January 2023	514	1,247	686	2,013	770	5,230
Additions	6	–	–	–	–	6
Disposals	(53)	(575)	(686)	(1,508)	–	(2,822)
At 31 December 2023 and 1 January 2024	467	672	–	505	770	2,414
Additions	–	–	–	–	–	–
Disposals	–	(42)	–	–	–	(42)
At 31 December 2024	467	630	–	505	770	2,372
Accumulated depreciation and impairment						
At 1 January 2023	478	1,151	686	1,824	385	4,524
Charge for the year	2	9	–	2	77	90
Eliminated upon disposals	(42)	(561)	(686)	(1,508)	–	(2,797)
At 31 December 2023 and 1 January 2024	438	599	–	318	462	1,817
Charge for the year	–	16	–	–	74	90
Eliminated upon disposals	–	(40)	–	–	–	(40)
At 31 December 2024	438	575	–	318	536	1,867
Carrying amount						
At 31 December 2024	29	55	–	187	234	505
At 31 December 2023	29	73	–	187	308	597

19. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
At 1 January 2023	2,793
Additions	–
Depreciation charge for the year	(543)
At 31 December 2023 and 1 January 2024	2,250
Additions	–
Early termination of lease	(37)
Depreciation charge for the year	(457)
At 31 December 2024	1,756

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	**346**	472
Total cash outflow for leases	**849**	1,067

20. INVESTMENT PROPERTIES

	Land RMB'000	Buildings RMB'000	Total RMB'000
Cost			
At 1 January 2023	7,752	4,829	12,581
Disposal	(569)	(565)	(1,134)
At 31 December 2023 and 1 January 2024	7,183	4,264	11,447
Disposal	(280)	(257)	(537)
At 31 December 2024	6,903	4,007	10,910
Accumulated depreciation and impairment			
At 1 January 2023	745	486	1,231
Charge for the year	167	104	271
Written back upon disposal	(135)	(274)	(409)
At 31 December 2023 and 1 January 2024	777	316	1,093
Charge for the year	156	90	246
Written back upon disposal	(156)	(16)	(172)
At 31 December 2024	777	390	1,167
Carrying amount			
At 31 December 2024	6,126	3,617	9,743
At 31 December 2023	6,406	3,948	10,354

20. INVESTMENT PROPERTIES *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Long-term leases	**114**	728
Medium-term leases	**9,629**	9,626
	9,743	10,354

(b) Investment properties with carrying value of RMB365,000 (2023: RMB725,000) were disposed of during the year ended 31 December 2024, resulting in a gain on disposal of RMB529,000 (2023: RMB1,864,000).

(c) Valuation processes of the Group

The Group obtained independent valuation from Ravia Global Appraisal Advisory Limited, a member of the Hong Kong Institute of Surveyors, for its investment properties at least annually. For all investment properties, their current use equates to the highest and best use. Ravia Global Appraisal Advisory Limited is of the opinion that the fair values of Group's investment properties would be approximately RMB14,834,000 as at 31 December 2024 (2023: approximately RMB15,838,000).

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

(d) Valuation techniques

Fair values of investment properties are generally derived at using the direct comparison method. This valuation method is based on the price information of comparable properties. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values. There were no changes in the valuation techniques used for both the years ended 31 December 2024 and 2023.

20. INVESTMENT PROPERTIES *(Continued)*

(e) Significant inputs used to determine fair value

As at 31 December 2024, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Significant observable inputs	Range	Effect on fair value for increase of inputs	Fair value 2024	Fair value 2023
Price per square metre	RMB4,000 to RMB10,000 (2023: RMB4,100 to RMB10,000)	Increase (2023: increase)	**RMB14,834,000**	RMB15,838,000

(f) Leasing arrangements

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the lease upon expiry at which time all terms are renegotiated. None of the leases included variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**392**	392
After 1 year but within 5 years	**271**	663
	663	1,055

21. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation and date of incorporation/ place of operation	Issued/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2024	2023	Principal activities
Directly held:					
Fortune Sun (China) Holdings Limited	BVI, 29 October 2002/ BVI	100,000 ordinary shares of US$1 each	**100%**	100%	Investment holding
Fortune Sun Properties Limited	BVI, 13 October 2016	1 ordinary share of US$1 each	**100%**	100%	Investment holding
Indirectly held:					
Shanghai Fu Yang Property Consultant Co., Ltd. ("Shanghai Fortune Sun") (note a)	PRC, 11 April 1997/ PRC	US$7,600,000 registered capital	**100%**	100%	Property consultancy and agency services providing for the primary property market in the PRC
Cornerstone Business Management Co., Ltd (formerly known as "Cornerstone Investment Management & Consultancy Co., Limited") ("Cornerstone") (note b)	PRC, 26 September 2005/PRC	US$200,000 registered capital	**100%**	100%	Provision of property consultancy, agency services and fund management in the PRC
FS352 Fortune-Sun Real Estate Co., Ltd ("FS352") (note c)	Cambodia, 12 January 2017/Cambodia	US$600,000 registered capital	**100%**	100%	Property consultancy and agency services providing for the property market in the Cambodia

Notes:

(a) Shanghai Fortune Sun is a wholly-owned foreign enterprise established under the PRC law.

(b) Cornerstone is a sino-foreign equity joint venture established under the PRC law.

(c) FS352 is a wholly-owned foreign enterprise established under the Cambodia law.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

22. TRADE RECEIVABLES

	2024 RMB'000	2023 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 RMB'000	2023 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 RMB'000	2023 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

22. TRADE RECEIVABLES *(Continued)*

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.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Investment in unlisted wealth management products	**10,000**	3,126

As at 31 December 2024 and 31 December 2023, the wealth management products are issued by banks in the PRC. The products are redeemable on demand and the investment principles are not protected. The returns of the products are determined by the performance of the underlying investments.

24. FIXED BANK DEPOSITS AND BANK AND CASH BALANCES

The carrying amounts of the Group's fixed bank deposits and bank and cash balances are denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
RMB	**323**	4,999
USD	**298**	293
HKD	**2,868**	1,092
	3,489	6,384

As at 31 December 2024, the fixed bank deposits and bank and cash balances of the Group's subsidiaries located in the PRC denominated in RMB amounted to approximately RMB323,000 (2023: RMB4,999,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. ACCRUALS AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Housing payments received on behalf of a property developer	**412**	407
VAT payables	**606**	684
Commission payables	**570**	567
Accrued salaries	**186**	165
Union fee payables	**953**	930
Others	**1,273**	1,536
	4,000	4,289

26. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**434**	459
Within a period of more than one year but not more than two years	**468**	434
More than two years but within five years	**995**	1,463
	1,897	2,356
Less: Amount due for settlement with 12 months shown under current liabilities	**(434)**	(459)
Amount due for settlement after 12 months shown under non-current liabilities	**1,463**	1,897

The weighted average incremental borrowing rates applied to lease liabilities at 4.55% (2023: 4.55%).

27. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group.

	Temporary difference on revenue recognition RMB'000	Temporary difference on expense recognition RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	1,969	(560)	(1,409)	–
Charge/(credit) to profit or loss	(1,331)	395	936	–
As 31 December 2023 and 1 January 2024	638	(165)	(473)	–
Charge/(credit) to profit or loss	(162)	(255)	417	–
At 31 December 2024	476	(420)	(56)	–

27. DEFERRED TAXATION *(Continued)*

The following is the analysis of the deferred tax balances (after offset) for the purpose of presentation in the consolidated statement of financial position purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax liabilities	**476**	638
Deferred tax assets	**(476)**	(638)
	–	–

At the end of the reporting period the Group had unused tax losses of approximately RMB27,626,000 (2023: RMB38,551,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB224,000 (2023: RMB1,396,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB27,402,000 (2023: RMB37,155,000) due to the unpredictability of future profit streams.

As at 31 December 2024, the Group's unused tax losses will expire in the following years:

	2024	2023
	RMB'000	RMB'000
In 2029	**4,239**	–
In 2028	**3,753**	3,753
In 2027	**10,784**	10,784
In 2025	**42**	42
In 2024	**–**	15,293
Indefinite	**8,808**	8,679
	27,626	38,551

Included in the unused tax losses, an amount of approximately RMB18,818,000 (2023: RMB29,872,000), will expire between 2025 to 2029 (2023: 2024 to 2028). Other unused tax losses may be carried forward indefinitely.

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As the PRC subsidiaries have no distributable profits since 2008, no deferred taxation has been provided for in the consolidated income statement in respect of temporary differences attributable to undistributed earnings.

28. SHARE CAPITAL

	Number of Ordinary shares	Nominal value	
	'000	HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.1 each			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000	200,000	206,000
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	246,183	24,618	24,394

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debts and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts. No changes had been made in the objectives, policies and processes during the years ended 31 December 2024 and 2023.

The only externally imposed capital requirement for the Group is that in order to maintain its listing status on the Stock Exchange, the Company has to have a public float of at least 25% of its issued shares.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2024, 43.3% (2023: 43.3%) of the shares were in public hands.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries	21	**103**	103
		103	103
Current assets			
Prepayments and deposits		**39**	45
Other receivables		**1**	11
Amounts due from subsidiaries		**8,637**	9,574
Bank and cash balances		**208**	942
		8,885	10,572
Current liability			
Accruals and other payables		**535**	697
Net current assets		**8,350**	9,875
Net assets		**8,453**	9,978
Capital and reserves			
Share capital		**24,394**	24,394
Reserves	29(b)	**(15,941)**	(14,416)
Total equity		**8,453**	9,978

Approved by the Board of Directors on 21 February 2025 and are signed on its behalf by:

Chang Hsiu Hua
Director

Han Lin
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(Continued)*

(b) Reserve movements of the Company

	Share premium RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	69,619	4,240	(7,316)	(71,851)	(5,308)
Currency translation differences	–	–	3,102	–	3,102
Loss for the year	–	–	–	(12,210)	(12,210)
At 31 December 2023	69,619	4,240	(4,214)	(84,061)	(14,416)
At 1 January 2024	**69,619**	**4,240**	**(4,214)**	**(84,061)**	**(14,416)**
Currency translation differences	**–**	**–**	**1,524**	**–**	**1,524**
Loss for the year	**–**	**–**	**–**	**(3,049)**	**(3,049)**
At 31 December 2024	**69,619**	**4,240**	**(2,690)**	**(87,110)**	**(15,941)**

30. RESERVES

(a) Group

The movements of the Group's reserves are presented in the consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

30. RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(ii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(n) to the consolidated financial statements.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b)(iii) to the consolidated financial statements.

31. SHARE-BASED PAYMENTS

Equity-settled share option scheme

A post-IPO share option scheme ("Share Option Scheme") was adopted pursuant to the resolutions passed by all shareholders on 17 June 2016. The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group. The Share Option Scheme will remain in force for a period of 10 years commencing from 17 June 2016.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

The exercise price of the share options is to be determined by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

31. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

On 19 January 2017, options to subscribe for an aggregate of 10,000,000 shares of the Company have been granted by the Company to the existing Directors and certain employees of the Group under the Share Option Scheme. 50% of share options have an exercisable period from 19 January 2018 to 18 January 2027 ("Share Option 1") and the remaining share option have an exercisable period from 19 January 2020 to 18 January 2027 ("Share Option 2").

Details of the specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$
Share Option 1	19/1/2017	19/1/2017 to 18/1/2018	19/1/2018 to 18/1/2027	1.130
Share Option 2	19/1/2017	19/1/2017 to 18/1/2020	19/1/2020 to 18/1/2027	1.130

If the options remain unexercised after a period of ten years from the date of grant, the options will lapse. Options are forfeited if the employee leaves the Group.

Details of the share options outstanding during the year are as follows:

	2024		2023	
	Number of shares issuable under options	**Exercise price HK$**	Number of shares issuable under options	Exercise price HK$
Outstanding at the beginning and the end of the year	**6,800,000**	**1.130**	6,800,000	1.130
Exercisable at the end of the year	**6,800,000**	**1.130**	6,800,000	1.130

Note: The options outstanding at the end of the year have a weighted average remaining contractual life of 3.1 years (2023: average life of 4.1 years) and the adjusted exercise price of HK$1.13 (2023: HK$1.13).

32. RELATED PARTY TRANSACTION

(a) Transaction with related parties

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2024 RMB'000	2023 RMB'000
Rental expense paid to a related company owned by a director of the Company	**(484)**	(484)
Consideration received from a director of the Company for the sales of an investment property (Note)	**1,000**	–

Note: For the details on the gain from the disposal of the investment property, please refer to Note 20(b).

(b) Balance with related parties

	2024 RMB'000	2023 RMB'000
Loan from a related company owned by a director of the Company (Note)	**18,000**	8,100

Note: 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).

On December 2024, the Group and its related company reexecuted a new loan agreement, which included an update of the loan limit and a change in the loan interest rate to 2.5% per annum. The repayment term has been revised to 31 December 2027. In the same month, the related company extended an additional loan amounting to RMB10,900,000 to the Group.

33. CONTINGENT LIABILITIES

At 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan from a related company (Note 32(b)) RMB'000	Lease liabilities (Note 26) RMB'000	Total RMB'000
At 1 January 2023	8,000	2,846	10,846
Addition of loan from a related company	100	–	100
Repayment of lease liabilities – capital element	–	(490)	(490)
– interest element	–	(105)	(105)
Interest expense	–	105	105
At 31 December 2023 and 1 January 2024	**8,100**	**2,356**	**10,456**
Addition of loan from a related company	**10,900**	**–**	**10,900**
Repayment of loan from a related company	**(1,000)**	**–**	**(1,000)**
Repayment of lease liabilities – capital element	**–**	**(420)**	**(420)**
– interest element	**–**	**(83)**	**(83)**
Interest expense	**–**	**83**	**83**
Early termination of lease	**–**	**(39)**	**(39)**
At 31 December 2024	**18,000**	**1,897**	**19,897**

35. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 February 2025.

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is as follows:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**1,350**	8,966	11,925	40,243	26,805
(Loss)/profit for the year attributable to owners of the Company	**(7,596)**	(9,125)	(14,259)	(2,910)	58

	At 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES					
Total assets	**27,602**	25,982	36,708	44,118	48,078
Total liabilities	**23,897**	14,745	16,317	9,859	10,758
Total equity	**3,705**	11,237	20,391	34,259	37,320

Summary of Major Properties

INVESTMENT PROPERTIES HELD

Descriptions	Total gross floor areas (sq.m.)	Nature of Property	Attributable interest of the Group	Category of lease
1. Shop No. 39, Tian Ci Liang Yuan, No. 39 Lane 55 Qingfeng Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	approximately 79.19 sq.m.	Shop	100%	Medium-term
2. Car Parking Spaces Nos. 11, 12, 13 and 14, Basement Level 1, Tian Ci Liang Yuan, No. 53 Lane 55 Qingfeng Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	approximately 60.36 sq.m.	Car park	100%	Long-term
3. Shop 201, Block 1 and 2 Xuelin Yayuan, Yuxin Community Committee, Xindu District, Yancheng City, Jiangsu Province, the PRC	approximately 1,971.52 sq.m.	Shop	100%	Medium-term