FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2008	Six months ended 30 June 2007
• Revenue	**HK$6,990,673**	HK$7,405,171
• Loss attributable to the equity holders of the Company	**(HK$1,830,209)**	(HK$1,117,527)
• Loss per share		
— Basic (HK cents per Share)	**(0.34)**	(0.21)
— Diluted (HK cents per Share)	**N/A**	N/A

RESULTS

The board of directors (the "Board") of Fujian Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 (the "Period"). These interim results have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2008 to 30 June 2008 (in HK Dollars)

	Note	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)
Revenue	*4*	**6,990,673**	7,405,171
Other income		**2,080,374**	1,175,686
Other gains		**617,353**	504,697
Staff costs		**(2,648,089)**	(2,632,782)
Depreciation		**(2,010,396)**	(1,955,187)
Amortisation of prepaid land lease payments		**(1,004,651)**	(1,242,291)
Impairment loss reversed in respect of other receivable		**—**	2,172,349
Loss on disposal of an associated company		**(1,094,991)**	—
Share of profit of associates		**298,667**	239,805
Finance costs		**—**	(1,531,765)
Other operating expenses		**(5,345,930)**	(5,659,474)
Loss before tax	*6*	**(2,116,990)**	(1,523,791)
Taxation	*7*	**286,781**	406,264
Loss attributable to the equity holders of the Company		**(1,830,209)**	(1,117,527)
Loss per share	*8*		
— Basic (HK cents per Share)		**(0.34)**	(0.21)
— Diluted (HK cents per Share)		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2008 (in HK Dollars)

	Note	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Non-current assets			
Property, plant and equipment		**49,805,746**	51,504,553
Prepaid lease payment		**34,995,349**	36,000,000
Investment properties		**16,600,000**	16,600,000
Interests in associates		**11,665,797**	17,448,121
		113,066,892	121,552,674
Current assets			
Property held for sale	*10*	**5,281,845**	—
Inventories	*11*	**225,977**	99,529
Trade and other receivables	*12*	**4,336,882**	941,349
Bank balances and cash		**19,886,086**	16,816,032
		29,730,790	17,856,910
Current liabilities			
Borrowings		**—**	2,133,379
Trade and other payables	*13*	**12,764,792**	10,330,588
		12,764,792	12,463,967
Net current assets		**16,965,998**	5,392,943
Total assets less current liabilities		**130,032,890**	126,945,617
Capital and reserves			
Equity attributable to the equity holders of the Company			
Share capital	*14*	**66,597,500**	66,597,500
Reserves		**50,230,859**	52,551,371
Total equity		**116,828,359**	119,148,871
Non-current liabilities			
Deferred tax liabilities		**7,509,965**	7,796,746
Trade and other payables	*13*	**5,694,566**	—
		13,204,531	7,796,746
		130,032,890	126,945,617

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2008 (in HK Dollars)

	Share capital	Share premium	Translation reserve	Share-based compensation reserve	Accumulated losses	Total
At 1 January 2007	65,000,000	573,199,393	(5,342,606)	2,907,200	(543,167,812)	92,596,175
Exchange differences arising on translation of foreign operations	—	—	(1,764,741)	—	—	(1,764,741)
Profit for the year	—	—	—	—	25,965,917	25,965,917
Issue of shares upon exercise of share options	1,597,500	3,105,540	—	(2,351,520)	—	2,351,520
Options lapsed during the period	—	—	—	(287,040)	287,040	—
At 31 December 2007 and at 1 January 2008	66,597,500	576,304,933	(7,107,347)	268,640	(516,914,855)	119,148,871
Exchange differences arising on translation of foreign operations	—	—	(490,303)	—	—	(490,303)
Loss for the period	—	—	—	—	(1,830,209)	(1,830,209)
Total recognised income the expenses for the period	—	—	(490,303)	—	(1,830,209)	(2,320,512)
At 30 June 2008	66,597,500	576,304,933	(7,597,650)	268,640	(518,745,064)	116,828,359

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2008 to 30 June 2008 (in HK Dollars)

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements have been prepared under the historical costs basis except for property, plant and equipment and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007, except as described in note 2.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("New HKFRSs") issued by the HKICPA which are either effective for accounting periods beginning on or after 1 January 2008. The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not applied early the following new and revised Hong Kong Accounting Standards ("HKASs"), HKFRSs and interpretations ("HK(IFRIC)-INTs") that have been issued but are not yet effective for accounting period beginning on 1 January 2008. The directors of the Company anticipate that the application of these HKASs, HKFRSs and HK(IFRIC)-INTs will have no material impact on the results and the financial position of the Group prepared and presented.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 1 and HKAS 32 (Amendment)	Puttable financial instruments and obligations arising on liquidation [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 2 (Amendment)	Share-based Payment -Vesting Conditions and Cancellation [1]
HKFRS 3 (Revised)	Business Combinations — Comprehensive revision on applying the acquisition method [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) — INT 13	Customer Loyalty Programmes [3]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 July 2009.

[3] Effective for annual periods beginning on or after 1 July 2008.

3. SEASONALITY OF OPERATIONS

The Group operations are not subject to seasonality and cyclicality.

4. REVENUE

	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Gross rental income from letting of investment properties	**611,372**	489,100
Revenue from hotel operations	**6,379,301**	6,916,071
	6,990,673	7,405,171

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions — property investment and hotel operations. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property investment — the rental of investment properties

Hotel operations — the operation of hotel

Segment information about these businesses is presented below.

	Property investment		**Hotel operations**		**Consolidated**	
	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)
REVENUE						
Revenue from external customers	**611,372**	489,100	**6,379,301**	6,916,071	**6,990,673**	7,405,171
RESULT						
Segment result	**565,535**	473,978	**1,069,208**	2,449,573*	**1,634,743**	2,923,551
Unallocated income					**730,477**	818,457
Unallocated corporate expenses					**(3,685,886)**	(3,973,839)
Share of profits of associates					**298,667**	239,805
Loss on disposal of an association					**(1,094,991)**	—
Finance costs					**—**	(1,531,765)
Loss before tax					**(2,116,990)**	(1,523,791)
Income tax expense					**286,781**	406,264
Loss for the year					**(1,830,209)**	(1,117,527)

* Including impairment loss reversed in respect to trade receivable totally HK$2,172,349.

Geographical segments

The Group's two divisions operate in two principal geographical areas — the People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong.

The following table provides an analysis of the Group's revenue by geographical markets:

	Hong Kong		PRC		Total	
	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)	**30 June 2008 (Unaudited)**	30 June 2007 (Unaudited)
Revenue from external customers	**611,372**	489,100	**6,379,301**	6,916,071	**6,990,673**	7,405,171

6. LOSS BEFORE TAX

	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Profit for the year has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(611,372)**	(489,100)
Less: Direct operating expenses that generated rental income during the period	**45,837**	15,122
	(565,535)	(473,978)
Depreciation of hotel property	**1,321,586**	1,321,586
Depreciation of other property, plant and equipment	**688,810**	633,601
	2,010,396	1,955,187
Amortisation of prepaid lease payment	**1,004,651**	1,242,291
Total depreciation and amortisation	**3,015,047**	3,197,478
Salaries and other benefits (including directors' remunerations)	**2,633,989**	2,618,682
Retirement benefit scheme contributions	**14,100**	14,100
Staff costs	**2,648,089**	2,632,782

7. TAXATION

	30 June 2008 (Unaudited)	30 June 2007 (Unaudited)
Deferred tax	**286,781**	406,264

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries did not have any assessable profits for the year (30 June 2007: Nil).

The provision for PRC Enterprise Income Tax is calculated at the applicable tax rates on the assessable profit of the Group's PRC subsidiary as determined in accordance with the relevant income tax rules and regulations in the PRC. No provision for PRC Enterprise Income Tax has been made in the consolidated financial statements as the relevant PRC subsidiary has no assessable profit for the period ended 30 June 2008. No provision for PRC Enterprise Income Tax had been made for prior year as the relevant PRC Subsidiary has sufficient tax losses brought of offset against the assessable profits for the PRC subsidiary for the year ended 31 December 2007.

8. LOSS PER SHARE

The calculation of basic loss per share attributable to the equity holders of the Company is based on the unaudited consolidated loss attributable to the equity holders of the Company of approximately HK$1.83 million (30 June 2007: HK$1.12 million) and the weighted average number of 532,780,000 (30 June 2007: 522,130,000) ordinary shares in issue during the period.

Diluted loss per share for the period ended 30 June 2007 and 2008 have not been disclosed, as the share options and warrants outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

9. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

10. PROPERTIES HELD FOR SALE

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
At cost	**5,281,845**	—

Location	**Description**	**Existing Use**	**Tenure**
Hong Kong	Commercial	Retailing	Leasehold

On 16 June 2008, the Company entered into the Provisional Agreement relating to the disposal of the Property held for sale. Pursuant to the Provisional Agreement, the Company agreed to sell, and the Purchaser agreed to purchase, the above-mentioned property for a cash consideration of HK$9.5 million.

11. INVENTORIES

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Raw material and consumables	**225,977**	99,529

12. TRADE AND OTHER RECEIVABLES

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Trade debtors	**1,137,295**	575,735
Other receivables	**3,199,587**	365,614
	4,336,882	941,349

The aged analysis of trade debtors was as follows:

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Current to six months	**1,112,802**	540,743
Over six months and without one year	**7,365**	18,215
Over one year	**17,128**	16,777
	1,137,295	575,735

The various Group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Aged analyses of debtors are prepared and closely monitored in order to manage credit risk associated with receivables.

13. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables and other payables were as follows:

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Trade payables		
Current to six months	**1,153,939**	614,564
Over six months and within one year	**—**	42,709
Over one year	**2,309**	7,557
Total trade payables	**1,156,248**	664,830
Other payables	**11,608,544**	9,665,758
	12,764,792	10,330,588
Deposit classified as non-current liabilities	**5,694,566**	—
Total trade and other payables	**18,459,358**	10,330,588

14. SHARE CAPITAL

	30 June 2008 (Unaudited)		31 December 2007 (Audited)	
	Number of shares	***HK$***	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.125 each	**3,040,000,000**	**380,000,000**	3,040,000,000	380,000,000
Issued and fully paid:				
At beginning of period/ year	**532,780,000**	**66,597,500**	520,000,000	65,000,000
Exercise of share options *(note)*	**—**	**—**	12,780,000	1,597,500
At end of period/year	**532,780,000**	**66,597,500**	532,780,000	66,597,500

15. POST BALANCE SHEET EVENTS

(i) On 3 July 2008, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Sherrin Property Investment Limited, an associate of the Company to the existing shareholders at a consideration of HK$2.83 million.

(ii) On 3 July 2008, the Group entered into a sale and purchase agreement to acquire 3 properties from Sherrin Property Investment Limited at a consideration of HK$3.82 million.

16. COMPARATIVE FIGURES

With a review of financial statements presentation, certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period ended 30 June 2008, the Group recorded loss attributable to the equity holders of the Company of approximately HK$1.83 million (30 June 2007: Loss 1.12 million). Total assets less current liabilities value increased by 2.4%, a net increase of approximately HK$3 million to approximately HK$130 million over the comparative figure of HK$127 million as at 31 December 2007. Basic earnings per share was approximately HK$0.34 cents for the period ended 30 June 2008 (30 June 2007: HK$0.21 cents).

The Group will continue to seek for various business opportunities, which will help lay a sound foundation for its business development in the future.

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

Star-rated hotel operation is the major sources of revenue for the Group. For the period ended 30 June 2008, the turnover of the hotel was approximately HK$6.38 million (30 June 2007: HK$6.91 million), representing a decrease of approximately 8.5% from the corresponding financial period. The decrease was mainly resulted from the global economy in the first six months of 2008 was quite unstable as the inflation alarm began to ring and the tragic earthquake in Sichuan would have significant impact for the economy of mainland China during the period under review.

On 4 March 2008, the Group entered into an agreement with Sunshine Group and 廈門敦睦酒店管理有限公司 (Xiamen Friendship International Co., Ltd) ("Friendship International"). Pursuant to the agreement, Sunshine Group had agreed to transfer the management right of the Group's hotel to Friendship International. On the same date, the Group entered into a management contract with Friendship International in relation to the appointment of Friendship International to manage the daily operation of the Hotel for a period of five years.

b. Hong Kong properties held by the Group

The occupancy rate for the properties of the Group nearly full during the period under review. It brought steady rental income to the Group.

For the period ended 30 June 2008, the rental income of properties in Hong Kong was approximately HK$0.61 million, while last period's was approximately HK$0.49 million.

On 16 June 2008, the Company entered into the Provisional Agreement relating to the disposal of the Property held for sale. Pursuant to the Provisional Agreement, the Company agreed to sell, and the Purchaser agreed to purchase, the above-mentioned property for a cash consideration of HK$9.5 million.

c. Piano Manufacturing

The Group diversified its business into the piano manufacturing sector by acquiring a 25% equity interest of Harmony Piano on 2005. This business interest is expected to contribute a reasonable profit to the Group for the coming years.

POST BALANCE SHEET EVENTS

(i) On 3 July 2008, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Sherrin Property Investment Limited, an associate of the Company, to the existing shareholders at a consideration of HK$2.83 million.

(ii) On 3 July 2008, the Group entered into a sale and purchase agreement to acquire 3 properties from Sherrin Property Investment Limited at a consideration of HK$3.82 million.

FUTURE DEVELOPMENT

Looking forward to the coming future, the Group will continue to plan its future through reforms and continuing improvement. By adopting a prudent approach in its business development and financial strategy, the Group hopes to take advantage of new business opportunities with strong market momentum and potential. The management will continue to search for any potential investment opportunities that can benefit the Group in the long term, and to reduce its reliance on property lease in Hong Kong and hotel operation in China.

LIQUIDITY AND FINANCIAL RESOURCES

As at the balance sheet date, the Group had a net cash balance of HK$19.89 million. The Group's net asset value was HK$130 million, with a liquidity ratio (ratio of current assets to current liabilities) of 2.3. This high level of liquidity and available funding will enable the Group to meet its expected future working capital requirements and to take advantage of growth opportunities for the business.

During the period, there was no material change in the Group's funding and treasury policy. The Directors do not expect the Company to experience any problem with liquidity and financial resources in foreseeable future.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

On 24 February 2008, the Group subsequently repaid the loan of HK$2.13 million was secured by the Group's 40% interests in Xiamen Plaza. Accordingly, a notice of release of Property from charge was filed to Xiamen Administration for Industry and Commerce on 30 June 2008. Neither other properties nor any bank deposits of the Group were pledged to secure banking facilities granted to the Group.

For the period ended 30 June 2008, the Group had no material contingent liabilities.

CAPITAL STRUCTURE OF THE GROUP

The Group's monetary assets, loan and transactions are principally denominated in Hong Kong dollars and Renminbi. Operating outgoings incurred by the Group's subsidiary in the PRC are mainly denominated in RMB, which usually receives revenue in RMB as well. The management is of the opinion that the Group's exposure to foreign exchange rate risks is not significant, and hedging by means of derivative instruments is considered unnecessary.

The funding and treasury policies of existing subsidiaries of the Group are centrally managed and controlled by the top management of the Group in Hong Kong.

CONTINGENT LIABILITY

During the Period, the Group did not have any significant contingent liability.

CORPORATE GOVERNANCE

The directors of the Company consider that the Company has complied throughout the Period with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Company had received from each of the Independent Non-executive Directors a verbal confirmation of his independence. In the opinion of the Company, all of the Independent Non-executive Directors are independent in respect of the preparation of the 2008 interim financial statements.

With the consent of the Audit Committee, the Board hereby confirms that, in preparation of the 2008 unaudited consolidated interim financial statements of the Company, the directors of the Company, both collectively and individually, applied such degree of skill, care and diligence as they may reasonably be expected of under the Listing Rules throughout the Period.

MODEL CODE

The Company has adopted the Model Code for securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company had made specific enquiries to all directors of the Company regarding any non-compliance with the Model Code during the Period, and had received confirmations from all directors of the Company that they had fully complied with the required standard set out in the Model Code during the Period.

NOMINATION COMMITTEE

The Nomination Committee was established in March 2005 to ensure fair and transparent procedures for the appointment of directors to the Board. The Committee's authority and duties are set out in written terms of reference, which specify that it must comprise at least three members. The existing Nomination Committee comprises three Independent Non-executive Directors, Mr. Cheung Wah Fung, Christopher, Mr. Leung Hok Lim and Mr. Lam Kwong Siu.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Group established its Remuneration Committee in March 2005 comprising three Independent Non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Leung Hok Lim and Mr. Cheung Wah Fung, Christopher.

The Remuneration Committee shall consult the Chairman and/or the General Manager of the Group about their proposals relating to remuneration package and other human resources issues of the directors of the Company and senior management of the Group. The emoluments of directors of the Company are based on each director's skill, knowledge and involvement in the Group's affairs, with reference to the Group's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

EMPLOYEE

During the Period, the Group had approximately 130 employees in total, with most of them working in the PRC. The remuneration package was determined with reference to the prevailing market conditions and individual performance of the employees. Apart from contractual remunerations, the Group also provides its employees with mandatory provident fund schemes and medical insurance cover.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the unaudited interim report for the Period. The existing Audit Committee comprises three Independent Non-executive Directors, Mr. Leung Hok Lim, Mr. Lam Kwong Siu and Mr. Cheung Wah Fung, Christopher.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.fujianholdings.com) and the Stock Exchange (www.hkexnews.hk). The Interim report of the Company for the period ended 30 June 2008 will be dispatched to shareholders of the Company and available on the above websites in due course.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my sincere gratitude to all shareholders, business partners and customers for their support, and to all our colleagues for their efforts, hard work and dedication. Their hardwork represents the foundation of the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Wang Xiaowu
Chairman

Hong Kong, 17 September 2008

As at the date of this announcement, the existing board of Directors comprises eight Directors, including three executive Directors, namely Mr. Wang Xiaowu, Mr. Wang Ruilian and Mr. Liu Xiaoting, two non-executive Directors, namely Mr. Feng Qiang and Mr. Ye Tao and three independent non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Cheung Wah Fung, Christopher and Mr. Leung Hok Lim.