FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHT

	2008	2007
	HK$'000	*HK$'000*
Revenue	**16,667**	15,935
Profit attributable to the equity holders of the Company	**3,616**	25,966
Earnings per share		
Basic (HK cents per share)	**0.68**	4.92
Diluted (HK cents per share)	**0.68**	4.87

RESULTS

The board of directors (the "Board") of Fujian Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 December 2008, together with the audited comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008 (in HK Dollars)

	Notes	**2008**	2007
Revenue	*3*	**16,667,080**	15,935,467
Other income	*5*	**4,401,750**	1,745,657
Other gains and losses	*6*	**5,193,098**	30,119,347
Staff costs		**(6,100,863)**	(5,402,281)
Depreciation		**(3,993,709)**	(3,944,031)
Amortisation of prepaid lease payment		**(2,009,302)**	(2,061,674)
Share of profits of associates		**666,420**	2,530,720
Other operating expenses		**(11,179,391)**	(12,735,756)
Profit before tax		**3,645,083**	26,187,449
Income tax expense	*7*	**(29,448)**	(221,532)
Profit for the year	*8*	**3,615,635**	25,965,917
Earnings per share			
Basic (HK cents per share)	*9*	**0.68**	4.92
Diluted (HK cents per share)	*9*	**0.68**	4.87

CONSOLIDATED BALANCE SHEET

At 31 December 2008 (in HK Dollars)

	Notes	**2008**	2007
Non-current assets			
Property, plant and equipment		**47,816,963**	51,504,553
Prepaid lease payment		**33,990,698**	36,000,000
Investment properties		**18,910,000**	16,600,000
Interests in associates		**7,984,808**	17,448,121
		108,702,469	121,552,674
Current assets			
Inventories		**105,517**	99,529
Trade and other receivables	*10*	**3,163,927**	941,349
Bank balances and cash		**29,899,372**	16,816,032
		33,168,816	17,856,910
Current liabilities			
Borrowings	*11*	**—**	2,133,379
Trade and other payables	*12*	**6,038,516**	10,330,588
		6,038,516	12,463,967
Net current assets		**27,130,300**	5,392,943
Total assets less current liabilities		**135,832,769**	126,945,617
Capital and reserves			
Equity attributable to the equity holders of the Company			
Share capital		**66,597,500**	66,597,500
Reserves		**55,756,164**	52,551,371
Total equity		**122,353,664**	119,148,871
Non-current liabilities			
Deferred tax liabilities		**7,826,194**	7,796,746
Trade and other payables		**5,652,911**	–
		13,479,105	7,796,746
		135,832,769	126,945,617

Notes

1. BASIS OF PREPARATION OF THE FINANCIAL RESULTS

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application 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 early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods ending on or after 30 June 2009

5 Effective for annual periods beginning on or after 1 July 2008

6 Effective for annual periods beginning on or after 1 October 2008

7 Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

	2008	2007
Gross rental income from letting of investment properties	**1,391,946**	988,103
Revenue from hotel operations	**15,275,134**	14,947,364
	16,667,080	15,935,467

4. 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	
	2008	2007	**2008**	2007	**2008**	2007
REVENUE						
Revenue from external customers	**1,391,946**	988,103	**15,275,134**	14,947,364	**16,667,080**	15,935,467
RESULT						
Segment result	**3,756,135**	949,650	**5,705,046**	31,235,610	**9,461,181**	32,185,260
Unallocated income					**935,467**	3,253,771
Unallocated corporate expenses					**(5,460,697)**	(11,782,302)
Loss on disposal of associates					**(1,957,288)**	—
Share of profits of associates					**666,420**	2,530,720
Profit before tax					**3,645,083**	26,187,449
Income tax expense					**(29,448)**	(221,532)
Profit for the year					**3,615,635**	25,965,917
BALANCE SHEET						
ASSETS						
Segment assets	**49,140,726**	33,048,589	**84,741,072**	88,912,204	**133,881,798**	121,960,793
Interests in associates					**7,984,808**	17,448,121
Unallocated corporate assets					**4,679**	670
Consolidated total assets					**141,871,285**	139,409,584
LIABILITIES						
Segment liabilities	**(686,092)**	(548,286)	**(10,995,335)**	(11,915,681)	**(11,681,427)**	(12,463,967)
Unallocated corporate liabilities					**(7,836,194)**	(7,796,746)
Consolidated total liabilities					**(19,517,621)**	(20,260,713)

	Property investment		Hotel operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
OTHER INFORMATION						
Capital additions	**9,246,667**	—	**58,769**	365,869	**9,305,436**	365,869
Depreciation of property, plant and equipment	**66,469**	75,377	**3,927,240**	3,868,654	**3,993,709**	3,944,031
Amortisation of prepaid lease payment	**—**	—	**2,009,302**	2,061,674	**2,009,302**	2,061,674
Loss/(Gain) on fair value changes of investment properties	**1,629,642**	(1,500,000)	**—**	—	**1,629,642**	(1,500,000)
Gain on disposal of investment property	**(4,111,203)**	—	**—**	—	**(4,111,203)**	—
Impairment loss on prepaid lease payment	**—**	—	**—**	938,326	**—**	938,326
Loss on disposal of property, plant and equipment	**2,756**	—	**1,814**	1,067,806	**4,570**	1,067,806
Impairment losses on trade receivables	**—**	—	**345,002**	638,435	**345,002**	638,435
Impairment loss on other receivable	**—**	—	**9,170**	4,250,580	**9,170**	4,250,580
Reversal of impairment loss on other receivable	**—**	—	**(4,505,182)**	(30,725,427)	**(4,505,182)**	(30,725,427)
Waiver of interest payable on borrowings	**—**	—	**—**	(2,552,245)	**—**	(2,552,245)
Write-down of inventories	**—**	—	**25,807**	136,894	**25,807**	136,894

5. OTHER INCOME

	2008	2007
Income from granting the management right of the Group's hotel (notes (i), (ii), (iii) and (iv))	**3,942,627**	1,017,443
Bank interest income	**416,453**	574,758
Others	**42,670**	153,456
	4,401,750	1,745,657

Notes:

(i) On 30 June 2004, Yan Hei Limited ("Yan Hei"), a wholly owned subsidiary of the Company, entered into a management contract with an independent third party, 福建陽光集團有限公司 (Fujian Sunshine Group Limited) ("Sunshine Group") in relation to the appointment of Sunshine Group to manage the daily operation of Xiamen South East Asia Hotel (the "Hotel"), a hotel owned by Xiamen South East Asia Company Limited ("Xiamen Plaza"), a wholly-owned subsidiary of Yan Hei, for a period of ten years.

(ii) On 4 March 2008, Yan Hei and Xiamen Plaza 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 Hotel to Friendship International.

(iii) On 4 March 2008, Xiamen Plaza entered into a management contract ("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. Friendship International has paid RMB5 million as security deposit to Xiamen Plaza, which is refundable upon expiry of the Management Contract.

(iv) The Hotel remains the property of the Group at all time under the Management Contract and there will not be a transfer of ownership of the Hotel at or after the completion of the Management Contract. Xiamen Plaza is entitled to receive income from Friendship International which is calculated in accordance with the terms of the Management Contract.

6. OTHER GAINS AND LOSSES

	2008	2007
Impairment loss recognised in respect of prepaid lease payment	**—**	(938,326)
(Loss)/Gain on fair value changes of investment properties	**(1,629,642)**	1,500,000
Impairment losses recognised in respect of trade receivables	**(345,002)**	(638,435)
Impairment loss recognised in respect of other receivable	**(9,170)**	(4,250,580)
Impairment loss reversed in respect of other receivable	**4,505,182**	30,725,427
Waiver of interest payable on borrowings	**—**	2,552,245
Loss on disposal of associates	**(1,957,288)**	–
Net foreign exchange gains	**517,815**	1,169,016
Gain on disposal of investment property	**4,111,203**	–
	5,193,098	30,119,347

7. INCOME TAX EXPENSE

	2008	2007
Deferred tax		
Current year	**(836,857)**	(1,293,511)
Attributable to a change in tax rate	**866,305**	1,515,043
	29,448	221,532

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company had agreed losses brought forward to set off the assessable profits and its Hong Kong subsidiaries did not have any assessable profits for the year (2007: Nil).

The provision for PRC Enterprise Income Tax is calculated at 18% (2007: 15%) 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 sufficient tax losses brought forward to offset against the assessable profit for the year ended 31 December 2008 and 2007.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiary to 25% from 1 January 2008 onwards. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

8. PROFIT FOR THE YEAR

	2008	2007
Profit for the year has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(1,391,946)**	(988,103)
Less: Direct operating expenses from investment properties that generated rental income during the year	**117,372**	38,453
	(1,274,574)	(949,650)
Depreciation of hotel property	**2,643,172**	2,643,172
Depreciation of other property, plant and equipment	**1,350,537**	1,300,859
	3,993,709	3,944,031
Amortisation of prepaid lease payment	**2,009,302**	2,061,674
Total depreciation and amortisation	**6,003,011**	6,005,705
Auditors' remuneration	**495,000**	495,000
Loss on disposal of property, plant and equipment	**4,570**	1,067,806
Loss on disposal of associates	**1,957,288**	–
Salaries and other benefits (including directors' remunerations)	**5,760,526**	5,145,467
Retirement benefit scheme contributions	**340,337**	256,814
Staff costs	**6,100,863**	5,402,281
Share of tax of associates (included in share of profits of associates)	**201,872**	282,728
Write-down of inventories	**25,807**	136,894

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**3,615,635**	25,965,917
Effect of dilutive potential ordinary shares	**—**	—
Earnings for the purpose of diluted earnings per share	**3,615,635**	25,965,917

	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**532,780,000**	527,562,959
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**970,317**	5,797,800
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**533,750,317**	533,360,759

10. TRADE AND OTHER RECEIVABLES

	2008	2007
Trade receivables	**2,226,667**	1,214,170
Less: Allowance for doubtful debts	**(1,025,453)**	(638,435)
	1,201,214	575,735
Other receivables, utility deposits and prepayments	**13,718,451**	15,698,830
Less: Allowance for doubtful debts	**(11,755,738)**	(15,333,216)
	1,962,713	365,614
Total trade and other receivables	**3,163,927**	941,349

An aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date, based on the invoice date, is as follows:

	2008	2007
Current to six months	**1,198,478**	540,743
Over six months and within one year	**2,736**	18,215
Over one year	**—**	16,777
	1,201,214	575,735

The average credit period on rendering services is 45 days.

11. BORROWINGS

	2008	2007
Secured	**—**	2,133,379
Carrying amount repayable		
On demand or within one year	**—**	2,133,379
Less: Amounts due within one year shown under current liabilities	**—**	(2,133,379)
	—	—

12. TRADE AND OTHER PAYABLES

	2008	2007
Trade payables	**648,483**	664,830
Other payables	**11,042,944**	9,665,758
	11,691,427	10,330,588
Less: Other payables classified as non-current liabilities	**(5,652,911)**	–
Total trade and other payables	**6,038,516**	10,330,588

An aged analysis of trade payables at the balance sheet date is as follows:

	2008	2007
Current to six months	**630,865**	614,564
Over six months and within one year	**8,542**	42,709
Over one year	**9,076**	7,557
	648,483	664,830

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The turnover of the Group for the year ended 31 December 2008 amounted to approximately HK$16.67 million, representing an increase of approximately 4.6% as compared to approximately HK$15.94 million in the previous year. The increase was mainly resulted from the increase in rental income through rental reversion as the leasing cycle reverts and the appreciation of Renminbi against Hong Kong Dollar for the period under review.

Facing the turbulent economic environment in the year under review, the Group still continued to deliver positive result again in year 2008. For the year ended 31 December 2008, the gearing ratio (dividend non-current liabilities by equity plus long term liabilities multiple by 100 which results in percentage) of the Group was 9.9% (2007: 6.1%). The increase in gearing ratio was mainly resulted from the increase in the non-current other receivable of approximately HK$5.65 million (2007: Nil) for the period under review. For the year ended 31 December 2008, net profit attributable to shareholders was approximately HK$3.62 million, representing a decline of 86.1% over the previous year. Basic earnings per share was approximately 0.68 HK cent for the year ended 31 December 2008 as compared to basic earnings per share of approximately 4.92 HK cents last year. The decline in net profit and earnings per share was mainly resulted from the decrease in the impairment loss reversed in respect of other receivable by 85.3% to approximately HK$4.51 million for the period under review.

During the year under review, the Group did not have substantial losses attributable to the impairment of receivables. However, the Group had to account for loss in fair value of investment properties approximately HK$1.63 million (2007: gain in fair value of approximately HK$1.5 million) and disposals of associated companies of HK$1.96 million (2007: Nil).

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

During the year under review, China's hotel industries were confronted with new challenges arising from the slowdown of the global economy triggered by the US subprime mortgage crisis and the exceptionally severe snowstorms and earthquake in Mainland China. Nevertheless, the Group achieved stable development in its star-rated hotel operation during the year which was attributable to a good operation management. The revenue for the star-rated hotel operation amounted to approximately HK$15.28 million, representing growth of 2.2% over the last year. Or reduce by 6.41% when the appreciation of Renminbi excluded.

On 4 March 2008, the Group entered into an agreement with Sunshine Group and Xiamen Friendship International Co., Ltd（廈門敦睦酒店管理有限公司）("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.

Further impairment loss on doubtful receivables for HK$0.35 million was charged to the Income Statement for the year under review on prudent basis (2007: HK$4.89 million). The Group has engaged PRC lawyer to recover the outstanding amounts.

In 2009, the Group will continue to strengthen its cost management and risk control, optimize the resources and management flow of the hotel operation, improve its ability to respond to contingencies and enhance the overall economic efficiency.

b. Hong Kong properties held by the Group

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

For the year ended 31 December 2008, the rental income of properties in Hong Kong was approximately HK$1.39 million, while the rental income was approximately HK$0.99 million in year 2007. The increase was mainly resulted from the increase in rental income through rental reversion as the leasing cycle reverts and the acquisition of investment properties.

The erratic global economic condition in year 2009 would likely cause a fall in demands for leases of commercial properties in Hong Kong. However, most of existing tenancy contracts of the Group's properties will expire after 2009; therefore, the impact on the rental income in 2009 is expected to be insignificant.

On 31 March 2008, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Ealing Court Limited, an associated company, to the existing shareholders at a consideration of approximately HK$5 million. The disposal was completed in the financial year under review.

On 31 March 2008, the Group entered into a sale and purchase agreement to acquire a property located at Shop D on Ground Floor, Ealing Court, No. 259A Temple Street, Kowloon, from Ealing Court Limited at a consideration of HK$5.1 million. The acquisition was completed in the financial year under review.

On 16 June 2008, the Company entered into the provisional agreement relating to the disposal of the above mentioned 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. The disposal was completed in the financial year under review.

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 associated company, to the existing shareholders at a consideration of approximately HK$2.83 million. The disposal was completed in the financial year under review.

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. The acquisition was completed in the financial year under review.

c. Piano Manufacturing

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

FUTURE DEVELOPMENT

Looking forward to the coming future, the Group's management will seize challenges by upholding a standardized and market-oriented operation model, and strive to achieve continual growth in the Group's profits and higher returns for shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at the balance sheet date, the Group had a net cash balance of approximately HK$29.90 million (2007: HK$16.82 million). The Group's net asset value (assets less liabilities) was approximately HK$122.35 million (2007: HK$119.15 million), with a liquidity ratio (ratio of current assets to current liabilities) of 5.49 (2007: 1.43). 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 year, 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 which was secured by the Group's 40% interests in Xiamen Plaza. Accordingly, a notice on 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.

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 mainland China is 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 senior management of the Group in Hong Kong.

Substantial Disposal and Acquisitions

The Group had not participated in any substantial acquisition and disposal during the year under review.

Contingent Liability

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

HUMAN RESOURCES

As at 31 December 2008, the Group had approximately 129 employees in Hong Kong and Xiamen. The remuneration package was determined with reference to performance and prevailing salary levels in the market. The Group also provides employees with training, mandatory provident fund scheme and medical insurance cover.

DIVIDENDS

The Company did not propose any dividends for the year ended 31 December 2008. The Directors do not recommend the payment of a dividend for the year ended 31 December 2008.

CORPORATE GOVERNANCE

The Directors consider that throughout the year ended 31 December 2008, the Company has complied with the Code on Corporate Governance Practices ("Code on Corporate Governance") as set out in Appendix 14 of the Listing Rules. The Company had received from each of the Independent Non-executive Directors a verbal confirmation of his independence.

The Company has adopted the Code on Corporate Governance. The Company had made specific enquiries to all Directors regarding any non-compliance with the Code on Corporate Governance during the year ended 31 December 2008, and had received confirmations from all Directors that they had fully complied with the required standard set out in the Code on Corporate Governance during the year ended 31 December 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted Appendix 10 to the Listing Rules, the Model Code, as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made with all Directors and the Directors have complied with the requirements set out in the Model Code for the year ended 31 December 2008.

AUDIT COMMITTEE

The Audit Committee of the Group was established in 1999. Currently, it comprises three members, all of whom are Independent Non-executive Directors, namely Mr. Leung Hok Lim who possesses professional accounting qualification, Mr. Lam Kwong Siu and Mr. Cheung Wah Fung, Christopher. Mr. Leung Hok Lim is the Chairman of the Audit Committee. The Audit Committee has adopted the term of reference in line with the Code on Corporate Governance Practices issued by the Stock Exchange. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. Two regular meetings were held by the Audit Committee during the year. Each Committee meeting was provided with necessary financial information of the Group for consideration, review and assessment of major issues. The Audit Committee has reviewed with the management and the Group's external auditors, Messrs. HLB Hodgson Impey Cheng, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of connected transactions and the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was formed 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 the written terms of reference, which specify that it must comprise at least three members, the majority of whom are Independent Non-executive Directors. The current members of the Nomination Committee are Mr. Cheung Wah Fung, Christopher, Mr. Leung Hok Lim and Mr. Lam Kwong Siu.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance, the Group shall set up a Remuneration Committee with a majority of the members being Independent Non-executive Directors. 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 and senior management of the Group. The emoluments of Directors are based on each Director's skill, knowledge and involvement in the Group's affairs, the Group's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

RISK MANAGEMENT

The Company's management believes that risk management is an essential component of the Group's administrative structure. The management assists the Board in evaluating material risk exposure existing in the Group's business, including investment risk, interest rate risk, liquidity risk etc, and participates in designing and formulating appropriate risk management and internal control measures, and to ensure its implementation in daily operational management.

The management considers that the investment risk management measures provide guarantee to the Group through its way of seeking new development opportunities, as to secure reasonable return in every investment, to reduce investment risks and to avoid possible loss attributable to investments.

The Group's risk management towards liquidity aims to ensure that under all circumstances there exists sufficient capital to fulfill repayment obligations of all debts due, to maintain good creditworthiness, to finance reasonable investment opportunities and to fuel business development. The Group's accounting department is responsible for daily financial activities and monitors liquidity position from time to time to cope with business operation of the Company.

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 annual report of the Company for the year ended 31 December 2008 will be dispatched to shareholders of the Company and available on the above websites in due course.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2008. The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in this announcement have been agreed by the Group's auditors, Messrs. HLB Hodgson Impey Cheng, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLB Hodgson Impey Cheng in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLB Hodgson Impey Cheng on this announcement.

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, 15 April 2009

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.