FUJIAN HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 181)

ANNOUNCEMENT
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHT

	Six months ended 30 June 2010	Six months ended 30 June 2009
• Revenue	**HK$7,672,750**	HK$7,709,024
• (Loss)/profit attributable to the equity holders of the Company	**(HK$565,746)**	HK$680,273
• (Loss)/profit per share		
— Basic (HK cents per Share)	**(0.11)**	0.13
— Diluted (HK cents per Share)	**N/A**	0.13

RESULTS

The Board of Directors (the "Board") of Fujian Holdings Limited (the "Company") are announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2010 to 30 June 2010 (in HK Dollars)

	Note	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)
Revenue	*3*	**7,672,750**	7,709,024
Other income	*5*	**2,045,207**	4,624,539
Other gains and losses	*6*	**110,822**	23,240
Employee benefit expenses		**(3,158,455)**	(3,192,222)
Depreciation		**(1,572,982)**	(1,953,294)
Amortisation of prepaid lease payment		**(937,004)**	(1,004,651)
Share of profit of associate		**169,030**	164,220
Other operating expenses		**(4,481,518)**	(5,556,415)
(Loss)/profit before tax	*7*	**(152,150)**	814,441
Income tax expenses	*8*	**(413,596)**	(134,168)
(Loss)/profit for the period		**(565,746)**	680,273
Other comprehensive income:			
Exchange differences on translating foreign operations		**75,991**	(9,389)
Other comprehensive income for the period		**75,991**	(9,389)
Total comprehensive income attributable to equity shareholders of the Company		**(489,755)**	670,884
(Loss)/profit per share	*9*		
– Basic (HK cents per Share)		**(0.11)**	0.13
– Diluted (HK cents per Share)	*9*	**N/A**	0.13

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010 (in HK Dollars)

	Note	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Non-current assets			
Property, plant and equipment		**41,492,134**	42,088,434
Prepaid lease payment		**28,890,933**	29,827,937
Investment properties		**25,560,000**	25,560,000
Interest in an associate		**9,031,709**	8,791,378
		104,974,776	106,267,749
Current assets			
Inventories	*11*	**60,674**	100,813
Trade and other receivables	*12*	**4,074,581**	2,573,664
Time deposits		**31,499,670**	18,584,280
Bank balances and cash		**5,226,562**	17,247,800
		40,861,487	38,506,557
Current liabilities			
Trade and other payables	*13*	**5,106,274**	4,282,181
Net current assets		**35,755,213**	34,224,376
Total assets less current liabilities		**140,729,989**	140,492,125
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*14*	**66,780,000**	66,597,500
Reserves		**59,573,482**	59,977,097
Total equity		**126,353,482**	126,574,597
Non-current liabilities			
Deferred tax liabilities		**8,660,261**	8,246,665
Trade and other payables	*13*	**5,716,246**	5,670,863
		14,376,507	13,917,528
		140,729,989	140,492,125

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010 (in HK Dollars)

2010 (unaudited)
Attributable to owners of the Company

	Share capital *(Note 14)*	**Share premium**	**Translation reserve**	**Share-based compensation reserve**	**Accumulated losses**	**Total**
At 1 January 2010	66,597,500	576,304,933	(7,522,097)	268,640	(509,074,379)	126,574,597
Total comprehensive income for the period	–	–	75,991	–	(565,746)	(489,755)
Issue of ordinary share under Share Options Scheme	182,500	354,780	–	(268,640)	–	268,640
At 30 June 2010	**66,780,000**	**576,659,713**	**(7,446,106)**	**–**	**(509,640,125)**	**126,353,482**

2009 (unaudited)
Attributable to owners of the Company

	Share capital *(Note 14)*	Share premium	Translation reserve	Share-based compensation reserve	Accumulated losses	Total
At 1 January 2009	66,597,500	576,304,933	(7,518,189)	268,640	(513,299,200)	122,353,664
Total comprehensive income for the period	–	–	(9,389)	–	680,273	670,884
At 30 June 2009	66,597,500	576,304,933	(7,527,578)	268,640	(512,618,947)	123,024,548

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 January 2010 to 30 June 2010 (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, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

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 Group for the year ended 31 December 2009, except as described in note 2.

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

In the current period, the Group has applied all the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2010. The new and revised standards, amendments and interpretations adopted in the current year are referred to as new and revised HKFRSs.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivates
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(FRIC) – Int 18	Transfer of Assets from customers

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective at 30 June 2010.

HKFRSs (Amendment)	Improvement to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Rights Issues[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[4]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual period beginning on or after 1 July 2010 and 1 January 2011 as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 consolidated financial statements.

3. REVENUE

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Gross rental income from letting of investment properties	**629,160**	682,360
Revenue from hotel operations	**7,043,590**	7,026,664
	7,672,750	7,709,024

4. SEGMENT INFORMATION

For the purposes of assessing performance and allocating resources, the chief operating decision maker ("CODM") reviews revenue and operating results of businesses of property investment and hotel operations.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Property investment – the rental of investment properties

Hotel operations – the operation of hotel

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Property investment		**Hotel operations**		**Consolidated**	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)
REVENUE						
Revenue from external customers	**629,160**	682,360	**7,043,590**	7,026,664	**7,672,750**	7,709,024
Segment profit before depreciation, amortisation and others	**581,720**	622,453	**3,505,015**	3,090,369	**4,086,735**	3,712,822
Depreciation	**–**	–	**(1,566,590)**	(1,942,223)	**(1,566,590)**	(1,942,223)
Amortisation	**–**	–	**(937,004)**	(1,004,651)	**(937,004)**	(1,004,651)
Building renovation expenses	**(112,738)**	–	**–**	–	**(112,738)**	–
Wavier of other payable	**–**	–	**672,515**	2,152,316	**672,515**	2,152,316
Segment result	**468,982**	622,453	**1,673,936**	2,295,811	**2,142,918**	2,918,264
Unallocated income					**259,691**	132,083
Central administration costs					**(2,723,789)**	(2,400,126)
Share of profit of associate					**169,030**	164,220
(Loss)/profit before tax					**(152,150)**	814,441
Income tax expense					**(413,596)**	(134,168)
(Loss)/profit for the period					**(565,746)**	680,273

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the Period (30 June 2009: nil).

Segment profit represents the profit earned by each segment without allocation of bank interest income and other unallocated income, central administration costs including directors' remuneration, loss on disposal of associates, share of profit of an associate and income tax expense. This is the measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

	Property investment		**Hotel operations**		**Consolidated**	
	30 June 2010 (Unaudited)	31 December 2009 (Audited)	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
BALANCE SHEET						
Assets						
Segment assets	**63,266,917**	61,695,182	**73,534,608**	74,284,117	**136,801,525**	135,979,299
Interest in associate					**9,031,709**	8,791,378
Unallocated corporate assets					**3,029**	3,629
Consolidated total assets					**145,836,263**	144,744,306
Liabilities						
Segment liabilities	**(770,449)**	(610,218)	**(10,052,070)**	(9,336,826)	**(10,822,519)**	(9,947,044)
Unallocated corporate liabilities					**(8,660,261)**	(8,252,665)
Consolidated total liabilities					**(19,482,780)**	(18,199,709)

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)
Other information						
Segment Depreciation	**–**	–	**1,566,590**	1,942,223	**1,566,590**	1,942,223
Unallocated depreciation	**–**	–	**–**	–	**6,392**	11,071
					1,572,982	1,953,294
Amortisation of prepaid lease payment	**–**	–	**937,004**	1,004,651	**937,004**	1,004,651
Wavier of other payable	**–**	–	**(672,515)**	(2,152,316)	**(672,515)**	(2,152,316)

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than certain bank balance and interest in an associate.

All liabilities are allocated to reportable segments other than certain balance of current liabilities and deferred tax liabilities.

Geographical segments

The Group's two divisions operate in two principal geographical areas – Hong Kong and Mainland China (the "Mainland ") excluding Hong Kong.

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

	Hong Kong		**Mainland**		**Total**	
	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)	**30 June 2010 (Unaudited)**	30 June 2009 (Unaudited)
Revenue from external customers	**629,160**	682,360	**7,043,590**	7,026,664	**7,672,750**	7,709,024

The following is an analysis of the carrying amounts of segment non-current assets analysed by the geographical area in which the assets are located:

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Assets located in		
– Mainland	**70,211,382**	71,849,034
– Hong Kong	**25,731,685**	25,621,337
	95,943,067	97,470,371
Interest in associate	**9,031,709**	8,791,378
	104,974,776	106,261,749
Capital expenditure		
– Mainland	**835,715**	912,628
– Hong Kong	**116,740**	20,000
	952,455	932,628

5. OTHER INCOME

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Income from granting the management right of the Group's hotel *(note (i), (ii), (iii) and (iv))*	**1,202,129**	2,332,205
Bank interest income	**148,868**	108,844
Waiver of other payable	**672,515**	2,152,316
Others	**21,695**	31,174
	2,045,207	4,624,539

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 the Sunshine Group to manage the daily operations 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 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 operations 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. 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

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Net foreign exchange gains	**110,822**	23,240

7. (LOSS)/PROFIT BEFORE TAX

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Gross rental income from investment properties	**(629,160)**	(682,360)
Less: Direct operating expenses that generated rental income during the period	**160,178**	59,907
	(468,982)	(622,453)
Depreciation of hotel property	**1,224,532**	1,321,586
Depreciation of other property, plant and equipment	**348,450**	631,708
	1,572,982	1,953,294
Amortisation of prepaid lease payment	**937,004**	1,004,651
Total depreciation and amortisation	**2,509,986**	2,957,945
Salaries and other benefits (including directors' remunerations)	**3,143,367**	3,178,122
Retirement benefit scheme contributions	**15,088**	14,100
Staff costs	**3,158,455**	3,192,222
Share of tax of an associate (included in share of profit of an associate)	**(169,030)**	(164,220)

8. INCOME TAX EXPENSE

	30 June 2010 (Unaudited)	30 June 2009 (Unaudited)
Deferred tax		
Current period	**413,596**	134,168
	413,596	134,168

Hong Kong Profits Tax is calculated at 16.5% (30 June 2009: 16.5%) of the estimated assessable profit for the period.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company had agreed tax losses brought forward to set off against the assessable profits and its Hong Kong subsidiaries did not have any assessable profits for the period (30 June 2009: Nil).

The provision for PRC Enterprise Income Tax is calculated at 22% (30 June 2009: 20%) 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 condensed consolidated financial statements as the Group's PRC subsidiary has sufficient tax losses brought forward to offset against the assessable profit for the period (30 June 2009: Nil).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax Rate of the Group's PRC subsidiary was increased from 15% to 25% progressively 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.

9. (LOSS)/PROFIT PER SHARE

The calculation of basic (loss)/profit per share attributable to the equity holders of the Company is based on the unaudited consolidated net loss attributable to the equity holders of the Company of approximately HK$0.57 million (30 June 2009: profit HK$0.68 million) and the weighted average number of 534,240,000 (30 June 2009: 532,780,000) ordinary shares in issue during the period.

Diluted loss per share for the period ended 30 June 2010 have not been disclosed, as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

10. INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the Period (30 June 2009: Nil).

11. INVENTORIES

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Raw material and consumables	**60,674**	100,813

12. TRADE AND OTHER RECEIVABLES

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Trade receivables	**1,105,996**	994,419
Less: Allowance for doubtful debts	**(92,595)**	(92,595)
	1,013,401	901,824
Other receivables, utility deposits and prepayments	**14,923,106**	13,533,766
Less: Allowance for doubtful debts	**(11,861,926)**	(11,861,926)
	3,061,180	1,671,840
Total trade and other receivables	**4,074,581**	2,573,664

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

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Current to six months	**1,013,401**	901,824

The average credit period on rendering services is 45 days.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

13. TRADE AND OTHER PAYABLES

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Trade payables	**919,168**	943,236
Other payables	**9,903,352**	9,009,808
Total trade and other payables	**10,822,520**	9,953,044
Less: Other payables classified as non-current liabilities *(note)*	**(5,716,246)**	(5,670,863)
	5,106,274	4,282,181

Note:

Pursuant to the Management Contract, Friendship International paid RMB5 million, equivalent to HK$5,716,246 (31 December 2009: HK$5,670,863), as security deposit to Xiamen Plaza, which is refundable upon expiry of the Management Contract. The expiry date of the Management Contract is 9 March 2013 and, accordingly, the balance of security deposit is classified as non-current liabilities.

An aged analysis of trade payables at the end of the reporting period is as follows:

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
Current to six months	**715,796**	878,428
Over six months and within one year	**157,906**	48,686
Over one year	**45,466**	16,122
	919,168	943,236

The average credit period is 45 days.

14. SHARE CAPITAL

	30 June 2010 (Unaudited)		31 December 2009 (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 and at end of period/year	**532,780,000**	**66,597,500**	532,780,000	66,597,500
Exercise of share options *(note)*	**1,460,000**	**182,500**	–	–
At end of period	**534,240,000**	**66,780,000**	532,780,000	66,597,500

Note:

On 14 May 2010, share options were exercised to subscribe for 1,460,000 ordinary shares in the Company at a consideration HK$268,640 which HK$182,500 was credited to share capital and the balance of HK$86,140 was credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The turnover of the Group for the six months ended 30 June 2010 amounted to approximately HK$7.67 million, representing an decrease of approximately 0.5% as compared to approximately HK$7.71 million in the corresponding period last year. The decrease is mainly due to the reduce in revenue from property investment for the period under review.

For the six months ended 30 June 2010, the gearing ratio (divide non-current liability by equity plus non-current liabilities multiple by 100 which results in percentage) of the Group was 10.22% (31 December 2009: 9.9%). For the six months ended 30 June 2010, the net loss attributable to shareholders was approximately HK$0.57 million (30 June 2009: profit HK$0.68 million). Loss per share were approximately 0.11 HK cent for the six months ended 30 June 2010. Net loss attributable to shareholders and loss per share is due to the decrease in other income amounting to approximately HK$2.5 million for the period under review.

During the period under review, the Group did not have substantial losses attributable to the impairment of receivables.

OPERATIONAL REVIEW

a. Star-rated Hotel Operation

Star-rated hotel operation is the main source of revenue for the Group. For the period ended 30 June 2010, turnover of the hotel was approximately HK$7.04 million (30 June 2009: HK$7.02 million), representing an increase of approximately 0.3% from the corresponding financial period.

For the period under review, the Occupancy Rate was approximately 50% (30 June 2009: 47%). Average Daily Rate (ADR) was approximately RMB217 (30 June 2009: RMB204) representing an increase of 6% over the previous period.

The following table sets out the amount and percentage of contributions from different businesses of the star-rated hotel operation for the period ended 30 June 2010, together with comparative figures of 2009:

	30 June 2010		30 June 2009	
	HK$ in thousand	***% in turnover***	*HK$ in thousand*	*% in turnover*
Accommodation revenue	**5,806**	**83%**	4,919	70%
Catering revenue	**152**	**2%**	1,347	19%
Rental revenue	**1,086**	**15%**	761	11%
	7,044	**100%**	7,027	100%

Accommodation revenue

The Group achieved stable income in its star-rated hotel operation during the period under review. The accommodation revenue amounted to approximately HK$5.81 million, representing a increase by approximately 18% over the last period.

Catering and rental revenue

In order to stabilize the income of hotel operation. At the end of 2009, the hotel operator let out the Chinese restaurant in the Group's Hotel again. On the one hand, this contributed to approximately HK$0.51 million in rental revenue during the period for the Group. On the other hand, there is no longer a corresponding catering income and the total catering revenue of the Group's Hotel dropped accordingly.

In 2010, we will continue to strengthen 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 period under review. It brought steady rental income to the Group.

For the period ended 30 June 2010, the rental income of the properties in Hong Kong was approximately HK$0.63 million, while last period's was approximately HK$0.68 million. The reduce in rental income is due to an investment property of the Group sold at the end of 2009.

c. Piano Manufacturing

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

FUTURE DEVELOPMENT

Looking forward, 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$36.73 million (31 December 2009: HK$35.83 million). The Group's net asset value (assets less liabilities) was approximately HK$126.35 million (31 December 2009: HK$126.58 million), with a liquidity ratio (ratio of current assets to current liabilities) of 8 (31 December 2009: 8.99). 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 under review, 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

As at 30 June 2010, the Group has not charged any of its assets.

CAPITAL STRUCTURE OF THE GROUP

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi. Operating outgoings incurred by the Group's subsidiary in the Mainland are mainly denominated in RMB as well as its revenue. The management is of the opinion that the Group's exposure to foreign exchange rate risks is not significant and hedging through the use of derivative instruments is considered unnecessary. Any material fluctuation in the exchange rates of Hong Kong dollar or Renminbi may have an impact on the operating results of the Group.

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

CONTINGENT LIABILITY

For the period under review, the Group did not have any significant contingent liability.

HUMAN RESOURCES

As at 30 June 2010, the Group had approximately 120 employees in Hong Kong and Xiamen. The remuneration package was determined with reference to performance and the prevailing market rate. The Group also provides employees with training, the opportunity to join its mandatory provident fund scheme and medical insurance cover.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognized standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board of Directors (the "Board") believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Directors consider that throughout the period under review, the Company has complied with the Code on Corporate Governance Practices ("Code on Corporate Governance") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock of Hong Kong Limited (the "Listing Rules"). The Company had received a verbal confirmation of independence from each of the Independent Non-executive Directors.

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 adopted the term of reference in accordance 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. 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 the interim financial results for the period under review. The Audit Committee considers the financial statement to be complied with the appropriate financial standards and the law regulations and with enough disclosure has been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted Appendix 10 of 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 six months ended 30 June 2010.

DIRECTORS' REPORT

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.

INTERESTS IN COMPETING BUSINESSES

During the Period, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with any business of the Group.

INTERESTS IN ASSETS OF THE GROUP

During the Period, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of, or leased to, or which are proposed to be acquired or disposed of or leased to, the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting during the Period which is significant in relation to the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the Public as of the date of this report.

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 2010 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 forms the foundation for the Group's future business development.

By Order of the Board
Fujian Holdings Limited
Wang Xiaowu
Chairman

Hong Kong, 16 August 2010

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.